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CA

Activity Report
to the Public Accountants Council For The Province of Ontario
For the Period November 1, 2007 to October 31, 2008

Pursuant to s. 18(6) of the Standards of the Public Accountants Council for the Province of Ontario

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Activity Report
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	2007	2008
Licence Activity		
Total Number of Licences - Beginning of Period (October 31, 2006)	**10263**	**8684**
Add: **Licences Granted in Period**		
i) Members not previously licenced	94	81
ii) Members permitted to practice public accounting in other jurisdictions of Canada	17	10
iii) Members permitted to practice public accounting outside Canada	6	9
iv) Members re-licenced who were licensees		
- Members who met the minimum criteria	41	36
- Members who did not meet the minimum criteria per Appendix E	0	1
	158	137
	10421	**8821**
Less: **Licenses Removed in Period**		
Licences revoked - membership status	-25	-5
Licences revoked - Discipline	0	-5
Licences revoked - Expired or Resigned	-1648	-1968
Licences revoked - Deceased	-26	-16
Suspended Licences (Fees or Discipline)	-38	-24
	-1737	**-2018**
Total Number of Licences at October 31	**8684**	**6803**
Applications for licence – licence not granted	**5**	**6**

Activity Report
to the Public Accountants Council For The Province of Ontario
For the Period Ended October 31, 2008

	2007	2008
Firms Authorized to Practise Public Accounting at October 31		
Partnerships	861	852
Professional Corporations	835	943
Sole Practitioner Licensees	1896	1629
Total Firms Authorized - at October 31	**3592**	**3424**

Activity Report
to the Public Accountants Council For The Province of Ontario
For the Period Ended October 31, 2008

	2007	2008
Complaints Analysis - Licensees as at October 31		
Total number of ongoing complaints - Beginning of Period	**48**	**44**
Add:		
Complaints Received by Professional Conduct Committee in Period	87	115
Total Number of Complaints for the Period (New & Ongoing)	135	159
Less:		
Complaints dismissed with no further action in period	-32	-30
Complaints referred to discipline committee in period	-12	-23
Complaints dismissed with an admonishment issued in period	-47	-42
	91	95
Total Number of Ongoing Complaints as at October 31	**44**	**64**

Note: Two of the 44 complaints have been ongoing for more than one year.

	2007	2008
Discipline Committee Analysis - Licensees as at October 31		
Open referrals to discipline committee - Beginning of Period	**8**	**4**
Add:		
Complaints referred to discipline committee during the period	12	23
Less: Decisions rendered by discipline committee during the period - by finding		
Finding - Not guilty of professional misconduct	-1	0
Finding - Guilty of professional misconduct - Summary of Sanctions per Appendix A	-15	-16
Finding - Guilty of professional misconduct - Stayed by appeal	-3	-1
Open referrals to Discipline Committee - at October 31 (end of period)	**1**	**10**

Activity Report
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	2007	2008
Appeal Committee Analysis - Licensees as at October 31		
Open requests for appeal - Beginning of Period	2	1
Add:		
Requests for appeal received during the period	1	1
Less: Decisions rendered by appeal committee during the period - by finding		
Finding - Discipline Committee decision upheld - Summary of Sanctions per Appendix B	-2	-1
Finding - Discipline Committee decision varied - Summary of Sanctions per Appendix B	-1	0
Open Requests for Appeal - at October 31 (end of period)	0	1

Activity Report
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	2007	2008
Applications for Judicial Review Analysis - Licensees as at October 31, 2008		
Open applications for Judicial Review - Beginning of Period	0	0
Add:		
Applications for Judicial Review made during the period - Summary of Grounds per Appendix C	0	1
Less:		
Judicial Review Completed in the period - Summary of Outcomes per Appendix C	0	0
Open Judicial Review Matters - at October 31, 2008	0	1

Activity Report
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	2007	2008
Students Admitted to Membership During the Period who Completed the Basic Requirements for Licensing Qualification		
Licence granted	27	25
Licence not granted (did not complete Additional Requirements for licensing)	1	0
Did not apply for a licence	738	830
Licence applications pending	0	16
	766	**871**
Students and Candidates Registered in the Public Accounting Training Program Leading to Qualification for Licensing at October 31	4276	5039
Students and Candidates Not Registered in the Public Accounting Training Program Leading to Qualification for Licensing at October 31	0	31
Total Students Enrolled in Program - at October 31, 2007	**4276**	**5070**

Listing of Accounting Bodies in Jurisdictions Outside Canada Having Substantially Equivalent Standards

The Hong Kong Institute of Certified Public Accountants
The Institute of Chartered Accountants of Australia
The Institute of Chartered Accountants in England and Wales
The Institute of Chartered Accountants in Ireland
The Institute of Chartered Accountants of New Zealand
The Institute of Chartered Accountants of Scotland
The Institute of Chartered Accountants of South Africa
The Japanese Institute of Certified Public Accountants
The Institute des Reviseures d'Enterprises de Belgique
The Netherlands Institute of Register Accountants
Order des experts comptables et des comptables agréés, France
The Instituto Mexicano de Contadores Publicos
U.S. State Boards of Accountancy which exempt Ontario CAs from writing final AICPA examination

Appendix A

DISCIPLINE SANCTIONS IMPOSED FOR PERIOD ENDED OCTOBER 31, 2008							
	Geoffrey Becker	Kathryn Croucher	Robert E. Greer	Young Hyun	Jack A. Lambe	Timothy J. O'Hara	Ronald M. Perryman
Suspension From Membership	x			x interim	x interim		x
Expulsion From Membership			x			x	
Suspension of Licence	x			x	Expired prior to hearing		Expired prior to hearing
Revocation of Licence			x			x	
Suspension of Authorization to Practise							
Revocation of Authorization to Practise							
Limitations to Practise Imposed							
Period of Supervision	3 mos						
Re-investigation Ordered							
Prescribed PD or Other Courses or Successful Completion of Examinations			x				
Fine	x	x	x			x	x
Reprimand	x	x				x	x
Other Sanctions - Specify		Cooperation with PCC	Newspaper publication				
Costs	x	x	x			x	x

	Paul K. Robins	Graham M. Segger	Stephen L. Shessel	Murray D. Shilson	Craig Sitter	Thomas Rickets	
Suspension From Membership					x interim	x non-compliance	
Expulsion From Membership				x			
Suspension of Licence					x		
Revocation of Licence				x			
Suspension of Authorization to Practise							
Revocation of Authorization to Practise							
Limitations to Practise Imposed							
Period of Supervision	x						
Re-investigation Ordered	x		x				
Prescribed PD or Other Courses or Successful Completion of Examinations	x	x	x				
Fine	x	x	x	x			
Reprimand	x	x	x	x			
Other Sanctions - Specify				Newspaper publication			
Costs	x			x			

DISCIPLINE SANCTIONS IMPOSED IN SETTLEMENT AGREEMENTS FOR PERIOD ENDED OCTOBER 31, 2008

	Howard F Kornblum	Roger P. Miller	Donald M. Smith				
Suspension From Membership							
Expulsion From Membership							
Suspension of Licence							
Revocation of Licence							
Suspension of Authorization to Practise							
Revocation of Authorization to Practise							
Limitations to Practise Imposed	Not act as engagement partner until prescribed pd completed						
Period of Supervision		X	X				
Re-investigation Ordered		X	X				
Prescribed PD or Other Courses or Successful Completion of Examinations	X	X	X				
Fine	X	X	X				
Reprimand	X	X	X				
Other Sanctions - Specify							
Costs	X						

Appendix B

Summary of Appeals For The Period Ended October 31, 2008

Case Name:	Michael George Perris, CA
Summary of Discipline Panel Findings:	Found guilty of a charge under Rule 216 (payment or receipt of commissions) of indirectly accepting a commission or other compensation for a referral to a client of products or services of others, while engaged in the practice of public accounting. Mr. Perris was fined $5,000, charged costs of $7,500, and ordered to complete a professional development course.
Appellant:	Michael George Perris, CA
Grounds For Appeal:	That Rule 216 did not apply because there was no "referral fee"; a referral fee would be paid for the act of referring, not for subsequent compensation that may or may not be paid. Rule 216 would be in conflict to Rule 207 (unauthorized benefits).
Summary of Appeal Decision:	The appeal panel upheld the Decision and Order of the Discipline Committee.

Appendix C

Summary of Applications For Judicial Review For The Period Ended October 31, 2008

Case Name:	Thomas Edward Appleton, CA
Summary of Discipline Panel Findings:	Found guilty of charge under Rule 204.2 (Independence). Mr. Appleton conducted a review of financial statements of a company while holding an 8% share for which he received dividends. Mr. Appleton was fined $2,000 and charged costs of $5,000.
Appellant:	Thomas Edward Appleton, CA
Grounds For Appeal:	That the Discipline Committee misconstrued the *Rules of Professional Conduct* in general and Rule 204.2 in particular in finding Mr. Appleton guilty of the appearance of impaired professional judgment or objectivity for reviewing the financial statements of a company while holding 8% of the shares in that company
Summary of Appeal Decision:	The appeal panel upheld the Decision and Order of the Discipline Committee.
Grounds for Judicial Review:	(a) The tribunal and the committee erred in law in its interpretation of Rule 204 of the Rules of Professional Conduct. (b) The tribunal and the committee erred in law in finding that the applicant was in breach of the Rules of Professional Conduct of the Institute (c) The committee erred in law in permitting the expert testimony of Raymond G. Harris, FCA, to be heard and in relying on such evidence to support its finding of guilt.

Appendix D

Changes Made to Regulatory Statute, Bylaws, Rules, Regulations, Policies, Procedures for the Period ended October 31, 2008

* *documents attached*

Summary of Statutory Amendments

Ontario Regulation 238/05 made under the *Public Accounting Act, 2004* was amended by adding a new subsection 4 that exempted from the practice of public accounting and, thereby from the requirement to hold a licence, any services noted in section 2 of the *Act* if they are provided without reward.

Summary of Bylaw Changes

February 22, 2008

Council passed amendments to the Institute's public accounting licensing bylaws to incorporate the criteria and requirements established by the Public Accountants Council in Council Guidelines it had adopted pursuant to the provisions of the *Public Accounting Act, 2004*. The amendments were approved by the members of the Institute at the Annual General Meeting on June 19, 2008.

The First Bylaw of 2008 amended the following:

- Practice Inspection Committee Bylaw 267(5) is amended to delete a reference to a date in respect of renewal of public accounting licences, to be consistent with the provisions of the Standards adopted by the Public Accountants Council regarding the timing of the five-year transitional provision for existing licensees who seek renewal of their licences;

- Bylaw 901(Public accounting licence required) is repealed and a new Bylaw 901 (Requirements to be licensed to sign public accounting documents and for disclosure of status as a licensed public accountant) is introduced to reflect the requirements set out in PAC Council Guideline No. 2007 – 2;

- Bylaw 902 (Eligibility for a public accounting licence) is repealed and a new Bylaw 902 (Qualification for a public accounting licence) is introduced in respect of members who previously qualified but never applied for a licence or allowed their licence to lapse, to establish for Institute members who seek to be licensed the requirements adopted by the Public Accountants Council in Council Guideline No. 2007 – 4;

- Bylaw 906 (Renewal of licence) is amended to establish for Institute members the requirements for public accounting licence renewal adopted by the Public Accountants Council in Council Guideline No. 2007 – 3;

- Bylaw 911 (Public Accounting Licensing Committee) is amended by adding new clauses (6) to (9) that specify the action that the public accounting licensing committee shall take in respect of a member who applies to obtain a licence when the member is the subject of a professional conduct investigation or a disciplinary proceeding;

- Bylaw 913 (Registration of a public accounting practice) is amended to remove the requirement that each partner of a public accounting firm or each shareholder of a professional corporation must be licensed;

- Bylaw 915 (Disclosure of Licence or authorization to practise public accounting) is repealed as its provisions have been included in the new Bylaw 901.

The Second Bylaw of 2008 amended various bylaws respecting admission to membership by members of other professional accounting bodies who seek to become members of the Institute and the provisions relating to readmission to membership and resignation from membership as follows:

- Bylaw 302 (Admission to membership) is amended to replace the specific reference to "all of the educational, practical experience and examination requirements as prescribed by the Council and set out in Regulation II" that members of accounting bodies outside Canada that are substantially equivalent to the Institute in respect of their education, examination and experience requirements who seek to qualify for admission to membership in the Institute must fulfill with the more general wording of "the requirements as prescribed by the Council from time to time";

- Bylaw 306 (Resignation), Bylaw 530 (Discipline Committee) and Bylaw 578 (Stay of proceedings) are amended to clarify that when a member is permitted to resign from membership in the Institute by the Discipline Committee the resignation's taking effect is subject to the provisions of Bylaw 306 that govern all resignations;

- Bylaw 351(Readmission of members who resigned) and Bylaw 353 (Readmission and restoration or revocation by disciplinary order) are amended to clarify the circumstances under which an applicant seeking readmission is required to file a declaration of compliance with the continuing professional development requirements of Bylaw 801.

The Third Bylaw of 2008 amended Bylaw 801 (Mandatory Continuing Professional Development) to give more precise definition to "verifiable" and "unverifiable" continuing professional development and introduces a new Bylaw 112 (Normal course of carrying on the profession of chartered accountancy). New Bylaw 112 was introduced following from the recent enactment by the Ontario Legislature of Bill 14, Access to Justice Act, 2006, which contains an exemption from the definition of practising law or providing legal services for persons acting in the normal course of carrying on a profession or occupation governed by another Act of the Legislature that regulates specifically the activities of persons engaged in that profession or occupation. The adoption of Bylaw 112 pursuant to the provisions of the Chartered Accountants Act, 1956 will ensure that the professional services provided by chartered accountants are included within the exemption provision of Bill 14. Discipline Committee Bylaw 575(3.1) and Appeal Committee Bylaw 654(3.1) are amended to delete the word "student", as a student is not subject to the same publication provisions arising from disciplinary proceedings as are members. The Third Bylaw of 2008 also amends Bylaw 263 (Applications Committee) to reduce the quorum for panels conducting hearings of the committee from five members, including one public representative, to three members, including one public representative.

Summary of Rule Changes

There were no rule changes in the period.

Summary of Regulation Changes

Adoption of Amendments to the Mandatory Professional Liability Insurance Regulation

The Institute's *Mandatory Professional Liability Insurance Regulation* was amended by the Council on February 22, 2008 to clarify the means by which practising offices may set aside assets at least equal in value to the amount of the deductible that is specified in the practice's insurance policy.

Adoption of Amendments to *Regulation I – A regulation in respect of students*

On February 22, 2008, the Council adopted amendments to *Regulation I* in order to reflect a number of recent changes in requirements for public accounting licensing and changes to the CA qualification requirements, as follows:

- To specify that a student who is admitted to membership in the Institute by successfully completing the CA qualification requirements must meet both the basic qualification requirements and the additional requirements as prescribed in the Standards and Council Guideline No. 2007-4 adopted by the PAC and in the bylaws of the Institute, in order to be granted a licence.
- To incorporate the competency-based qualification program which requires an individual's having demonstrated that he or she has attained the prescribed depth and breadth of competency development in the specified competency areas at the prescribed levels of proficiency required of an entry-level chartered accountant.
- To incorporate changes to the CA qualification requirements that have enabled experience outside of public practice to be recognized as fulfilling the experience requirements for admission to membership and for use of the CA designation, and which took effect on September 1, 2007, as set out in *CA Practical Experience Requirements 2007*.
- To be compatible with the revised framework for recognition of internationally trained professional accountants adopted by the CA profession.

- To require CGAs or CMAs seeking to qualify for admission to membership in the Institute through the bridging provisions to meet the minimum post-secondary education requirements established by the Standards adopted by the Public Accountants Council.

Pursuant to the adoption of the amendments to *Regulation I*, the Council also adopted

- *Guidelines: Applications Committee Assessment of Competencies of Applicants for Registration – Members of Professional Accounting Bodies Outside Canada* – adopted February 22, 2008 and amended on June 19, 2008;
- *Guidelines: Applications Committee Assessment of Competencies of Applicants for Registration – Members of Professional Accounting Bodies Within Canada* – adopted February 22, 2008.

Adoption of new *Regulation II -- A Regulation in respect of Certified Public Accountants from the United States of America and Members of Other Recognized Accounting Bodies Outside Canada*

On February 22, 2008, the Institute's Council adopted a new *Regulation II – A Regulation in respect of Certified Public Accountants from the United States of America and Members of Other Recognized Accounting Bodies Outside Canada*. The new Regulation II reflects the provisions of the Public Accounting Act, 2004 and the Standard adopted by the Public Accountants Council and changes that have been made to the CA qualification program:

- To specify that a person who is admitted to membership in the Institute by successfully completing the reciprocity requirements established for members of accounting bodies outside Canada must meet both the basic qualification requirements and the additional requirements as prescribed in the Standards and Council Guideline No. 2007-4 adopted by the PAC and in the bylaws of the Institute, in order to be granted a licence.

- To incorporate the competency-based qualification program which requires an individual's having demonstrated that he or she has attained the prescribed depth and breadth of competency development in the specified competency areas at the prescribed levels of proficiency required of an entry-level chartered accountant.

- To incorporate changes to the CA qualification requirements that have enabled experience outside of public practice to be recognized as fulfilling the experience requirements for admission to membership and for use of the CA designation and which took effect on September 1, 2007.

- To be compatible with the revised framework for recognition of internationally trained professional accountants adopted bythe CA profession, including in respect of the possible elimination of the CA Reciprocity Examination (CARE) requirement and its replacement with a requirement to complete a prescribed continuing professional development program that would include a means to evaluate an applicant's development of the requisite knowledge and compeence in Canadian taxation, Canadian law, Canadian GAAP and GAAS and the rules of professional conduct that must be demonstrated to practise as a chartered accountant in Canada.

- To specify that to be accepted as a membership candidate an applicant must hold

(a) a CPA certificate in good standing issued by a state board of accountancy which has adopted the 150 hour education requirement prescribed by the National Association of State Boards of Accountancy and the American Institute of Certified Public Accountants in the *Uniform Accountancy Act* and the Uniform Accountancy Rules as the educational requirement for qualification as a certified public accountant in that jurisdiction; or

(b) a CPA certificate in good standing and a licence or permit to practise issued by a state board of accountancy that has adopted the 150 hour requirement prescribed by the National Association of State Boards of Accountancy and the American Institute of Certified Public Accountants in the *Uniform Accountancy Act* and the Uniform Accountancy Rules as the education requirement for qualification for licensure of a certified public accountant in that jurisdiction.

- To retain the requirement that, to be accepted as a membership candidate, an applicant who has a CPA granted by a state of board or accountancy in the United States must have written all parts of the uniform CPA examination while a bona fide resident of a country other than Canada for a continuous period of at least three years.

- To establish a provision provides the applications committee with discretion to accept applicants who have qualified for the CPA designation in a state that has adopted the 150 credit hour requirement and who wrote at least one examination section of the uniform CPA examination while residing in a country other than Canada for a significant period of time substantially without interruption, or was domiciled outside Canada.

The Council also adopted, pursuant to the provisions of new Regulation II, Section 502, the existing Chartered Accountants Reciprocity Examination (CARE) as the prescribed examination that must be successfully completed by a membership candidate accepted under the provisions of Regulation II as a condition to be met for admission to membership in the Institute.

Summary of Policy Changes

March 26, 2008

Draft *Guidelines for Exercise of Discretion to Grant or Renew a Public Accounting Licence Pursuant to the Provisions OF Bylaw 902(6) and Bylaw 906(3)* approved by the Public Accounting Licensing Board (PALB). The bylaws permit the PALB to grant or renew the licence of a member who has met all of the Additional Requirements prescribed in Bylaw 902(5) with the exception of the minimum eligible hours requirements obtained within the immediate past five years in a recognized capacity in providing public accounting services if it is satisfied that the member otherwise has the required capabilities, competence and current skills to provide public accounting services.

The PALB agreed to make reference to the draft *Guidelines* on an interim basis when considering licence applications and renewals and acknowledged that ultimately the *Guidelines*, with any modifications or revisions that the PALB may determine, should be recommended to the Institute's Council for approval. In the interim, in accordance with the draft *Guidelines*, circumstances in which a member would not be granted a licence or a licence would not be renewed would include:

- A member who has not been a member of a firm, practising office or related business or practice for any amount of time within the immediate past five years, including having been
  - in one or more financial or accounting position(s) in business, industry, government or education, such as finance, performance measurement and reporting, internal audit, risk management, or information technology, regardless of the nature of the responsibilities held or functions performed in the position(s) or the seniority of the position(s);
  - practising in bankruptcy or insolvency or investigative and forensic accounting, or having been employed by a business or practice providing such services, and the business or practice is not a related business or practice;
  - teaching accounting, auditing or other finance or business subjects at a university, college or school or for a professional accounting body or program;
  - employed with a professional accounting body or a regulatory body and held one or more position(s), other than as a practice inspector with the Institute or CPAB, in which he or she carried out regulatory responsibilities, even if such responsibilities may have involved licensing, investigations or standards enforcement, disciplinary processes or standards-setting.

- A member who has not obtained any eligible hours in public accounting services (assurance or compilation services) within the immediate past five years, including a member who may have acquired eligible hours in designated services.

- A member who has participated in a recognized capacity in a firm, practising office or related business or practice within the immediate past five years and obtained less than 500 eligible hours in public accounting and less than 750 hours in designated services.

- A member who has not obtained at least 1,250 eligible hours that includes at least 500 eligible hours in public accounting services (assurance or compilation services) within the immediate past five years, including a member who may have acquired eligible hours in designated services.

- A member who holds a position of employment in the public sector whose responsibilities include providing assurance on financial statements or other financial information in respect of which there may be a reasonable expectation of third party* use or reliance where a public accounting licence is not specified as a condition of employment by the applicable statute or regulation adopted pursuant to the statute, such as
  - A person who holds a position with the title of "auditor" or that requires the performance of audit functions, with the federal government, a provincial government or a municipal or local government whether or not such

functions include financial audits or reviews involving the interpretation or application of either or both of Generally Accepted Accounting Principles (GAAP) and Generally Accepted Assurance Standards (GAAS);

  - Auditor of a public authority, commission or committee, or emanation of a public authority, including a Crown corporation, or any publicly-owned or publicly-controlled utility organization;

*Third parties for this purpose may include members of Parliament, a legislature or a municipal council or a regulatory body, taxpayers or the general public.

Circumstances in which a member may be granted a licence or a licence may be renewed if the PALB is satisfied that the member otherwise has the required capabilities, competence and current skills to provide public accounting services include:

- A member who has participated in a recognized capacity in a firm, practising office or related business or practice within the immediate past five years and obtained at least 1,250 eligible hours that includes at least 500 eligible hours in public accounting services (assurance or compilation services).

- A member who has participated in a recognized capacity in a firm, practising office or related business or practice and has not reported any eligible hours in public accounting services (assurance or compilation services) within the immediate past five years or has reported less than 500 such hours within the immediate past five years, provided the member has obtained at least 2,500 eligible hours that include a minimum of 500 eligible hours in designated services consisting of:
  - research on the interpretation or application of either or both of Generally Accepted Accounting Principles (GAAP) and Generally Accepted Assurance Standards (GAAS) or on professional standards; and/or
  - research conducted for, or advice given to, assurance clients on matters related to assurance engagements.

- A member who is required by the applicable statute or a regulation adopted pursuant to the statute to hold a public accounting licence in order to hold the position of auditor general or deputy or assistant auditor general, or equivalent position, or in another position, within the federal government, a provincial government or a municipal or local government.

Other circumstances in which a licence may be renewed if the PALB is satisfied that member otherwise has the required capabilities, competence and current skills to provide public accounting services:

- A member serving in a senior leadership position with a public accounting firm who has reported less than 1,250 eligible hours in public accounting services and has satisfied the PALB that the responsibilities carried out in respect of public accounting engagements or in providing direct supervision, management or oversight of the leadership of the engagement team(s) were significantly more than strictly administrative in nature and included such functions as reviewing assurance files of major clients or high-risk clients, interpretation or application of either or both of Generally Accepted Accounting Principles (GAAP) and Generally Accepted Assurance Standards or on professional standards, or advice given to assurance clients on matters related to assurance engagements.

May 14, 2008

The PALB agreed to a transitional provision for members who held a licence on October 31, 2007, have not obtained the prescribed minimum eligible hours in public accounting services within the five-year period immediately prior to October 31, 2007 and have recommenced or will soon be recommencing the practice of public accounting. Such members may make a written request to the Board by no later than October 31, 2008, for reinstatement and renewal of a licence provided the member has:

1. fulfilled within the three-year period ending October 31, 2008, the total three-year mandatory continuing professional development requirement of 120 hours in activities directly related to public accounting (including a minimum of 60 hours in verifiable continuing professional development activity) and filed with the Institute a declaration that the requirement has been fulfilled; and

2. registered with the Institute, a practice of public accounting, or a professional corporation in which the member is a shareholder; and

3. obtained in respect of the practice or professional corporation, professional liability insurance coverage of the minimum coverage amount required by the Institute and provides the Institute with a declaration confirming such coverage (a minimum of $1 million in coverage is required where one member is engaged or employed in the practice of public accounting through the practice or professional corporation).

The public accounting licence of a member who makes a written request to the Public Accounting Licensing Board and fulfills the requirements of 1, 2 and 3 above by not later than October 31, 2008 may be reinstated and renewed, subject to payment of the applicable licence renewal fee, for any remaining portion of the licensing period ending October 31, 2008 and for the 12-month period ending October 31, 2009. However, in order to continue to be eligible to renew a licence beyond October 31, 2009, it would be required that

- the member's public accounting practice or professional corporation receives a successful practice inspection result by not later than October 31, 2009; and
- the member obtains at least 1,250 eligible hours in public accounting services by not later than October 31, 2009.

June 17, 2008

A two-year phasing-in of the application of the criteria is approved by the PALB for members have acquired eligible hours that are below the minimum amount specified in Bylaw 902(5) and Bylaw 906(2) because of the way in which they have structured their practices or the nature of their current client base. It was agreed that once the PALB gains a sense of how many members are involved in this situation, virtually all could be renewed until October 31, 2009, with criteria set out in Bylaw 902(5) and Bylaw

906(2) to be considered in the second year. It will be necessary for those members to track their hours in order to meet the eligible hour requirement in subsequent years.

September 26, 2008

Guidelines for Exercise of Discretion to Grant or Renew a Public Accounting Licence Pursuant to the provisions of Bylaw 902(6) And Bylaw 906(3), adopted by the Institute's Council.

November 20, 2008

The PALB approved the following:

Hours reported by members in designated services as "taxation services related to assessing the appropriateness of taxation provisions and related reporting" can be counted towards the eligible hours requirement in public accounting services if they were obtained as a result of auditing tax provisions in respect of an assurance engagement if the member participated in a recognized capacity for such engagement. Members who report "taxation services" eligible hours should be requested to clarify whether such hours specifically included auditing of taxation provisions.

In regard to the exercise of discretion to renew a licence of a member under the special two-year phasing-in provision, the PALB agreed that any member who reported more than 200 eligible hours in public accounting services should be considered eligible for licence renewal. Any member who reported less than 200 eligible hours in public accounting services should be considered ineligible for licence renewal under the special provision.

Summary of Procedure Changes

There were no procedure changes in the period.

Appendix E

Number of Licences Granted Where the Applicant has not met the Minimum Criteria

Minimum Criteria	**Number of Licences granted where the minimum criteria not met**
Practice Environment	0
Practice Capacity	0
Continuing Professional Development	0
Eligible Hours	1
Ethical and Independence Requirements	0
Other	0
	1

Summary of Supporting Reasons why the Licensing Board exercised its judgement to grant the licence:

The member has been a partner in a public accounting firm from October 2, 2007 to May 19, 2008 (1 yr. 8 mos.); indicated 1,493 hours in section A (public accounting hours) and 792 hours in section B (designated services hours), for a total of 2,285 eligible hours obtained within the 5-year period immediately prior to the date of application for a licence; complied with CPD requirement; practice inspection 2008. PALB noted that the member will obtain and likely exceed the required hours on an ongoing basis. Her experience is recent and sufficient to indicate competence in assurance and public accounting services.

Number of Licence Renewals where the Applicant has not met the Minimum Criteria

Minimum Criteria	Number of Renewals where the minimum criteria not met
Practice Environment	0
Practice Capacity	0
Continuing Professional Development	18
Eligible Hours	144
Ethical and Independence Requirements	0
Other	0
Total	162
Related Licence Renewals (Total Licence Renewals to October 31)	6666

Summary of Supporting Reasons why the Licensing Board exercised its judgement to renew the licence:

Continuing Professional Development

For 11 renewals, licences were renewed for six months subject to the members complying with the CPD requirement within that six-month period, failing which the licence would be revoked.

For 7 renewals, the members had been granted waivers of the Continuing Professional Development requirement because they were on medical, disability or maternity leave.

Eligible Hours

56 renewals	Members obtained at least 1,250 eligible hours but less than 2,500 eligible hours within the immediate past five years that included at least 500 eligible hours in public accounting services (assurance or compilation services).

11 renewals	Members obtained more than 500 but less than 1,250 eligible hours in public accounting services (assurance or compilation services) and in each case obtained at least 2,500 eligible hours within the immediate past five years.
5 renewals	Members had not reported any eligible hours in public accounting services (assurance or compilation services) within the immediate past five years or had reported less than 500 such hours within the immediate past five years, and in each case had obtained at least 2,500 eligible hours that included a minimum of 500 eligible hours in designated services consisting of: • research on the interpretation or application of either or both of Generally Accepted Accounting Principles (GAAP) and Generally Accepted Assurance Standards (GAAS) or on professional standards; and/or • research conducted for, or advice given to, assurance clients on matters related to assurance engagements.
4 renewals	Members who are practising public accounting and have used "fixed fee" billing of clients and therefore have not tracked hours. The members will be required to track and report eligible hours in subsequent years.
2 renewals	Members employed with public accounting practices who are on maternity or parenting leave.
2 renewals	Members transitioning back to the practice of public accounting and based on the size of the practices and nature of the public accounting services provided are expected to be able to comply with the eligible hours requirement in subsequent years.
1 renewal	Member serving in a senior leadership position with a public accounting firm who reported less than 1,250 eligible hours in public accounting services and has satisfied the Licensing Board that the responsibilities carried out in respect of public accounting engagements or in providing direct supervision, management or oversight of the leadership of the engagement team(s) were significantly more than strictly administrative in nature and included such functions as reviewing assurance files of major clients or high-risk clients, interpretation or application of either or both of GAAP and GAAS or on professional standards, or advice given to assurance clients on matters related to assurance engagements.
1 renewal	Member who was recently the senior partner of a public accounting practice who now provides public accounting services on a part-time basis due to a disability. Obtained 1,000 eligible hours in public accounting services within the immediate past five years.

1 renewal	Member is a part-time practitioner and has only one client for which a review engagement is performed. Member has been advised that he must either transition out of the review engagement or meet the eligible hours requirement in order to be licensed in subsequent years.

Two-year transitional provision for members currently practising public accounting

61 renewals	Members currently engaged in the practice of public accounting having obtained eligible hours that are below the minimum criteria because of the way in which they have structured their practices or the nature of their client base. The Licensing Board renewed the licences in each case where the member has obtained 200 or more eligible hours in public accounting services (assurance and/or compilations). Renewal of the licences was granted for one year to provide time for the members to either change the nature of their practices in order to be able to meet the minimum eligible hours in public accounting services for renewals beginning November 1, 2009 or to transition out of providing assurance services, for which a licence is required. 37 of these licensees are either sole practitioners or part-time practitioners.

ICAO BYLAW CHANGES
in the period from November 1, 2007 to October 31, 2008

BYLAWS of 2008

FIRST BYLAW OF 2008

Explanatory Note:

The First Bylaw of 2008 amends the Institute's public accounting licensing bylaws to incorporate the criteria and requirements established by the Public Accountants Council in Council Guidelines it has adopted pursuant to the provisions of the Public Accounting Act, 2004. Specifically, the First Bylaw of 2008 amends the following:

- *Practice Inspection Committee Bylaw 267(5) is amended to delete a reference to a date in respect of renewal of public accounting licences, to be consistent with the provisions of the Standards adopted by the Public Accountants Council regarding the timing of the five-year transitional provision for existing licensees who seek renewal of their licences;*

- *Bylaw 901(Public accounting licence required) is repealed and a new Bylaw 901 (Requirements to be licensed to sign public accounting documents and for disclosure of status as a licensed public accountant) is introduced to reflect the requirements set out in PAC Council Guideline No. 2007 – 2;*

- *Bylaw 902 (Eligibility for a public accounting licence) is repealed and a new Bylaw 902 (Qualification for a public accounting licence) is introduced in respect of members who previously qualified but never applied for a licence or allowed their licence to lapse, to establish for Institute members who seek to be licensed the requirements adopted by the Public Accountants Council in Council Guideline No. 2007 – 4;*

- *Bylaw 906 (Renewal of licence) is amended to establish for Institute members the requirements for public accounting licence renewal adopted by the Public Accountants Council in Council Guideline No. 2007 – 3;*

- *Bylaw 911 (Public Accounting Licensing Committee) is amended by adding new clauses (6) to (9) that specify the action that the public accounting licensing committee shall take in respect of a member who applies to obtain a licence when the member is the subject of a professional conduct investigation or a disciplinary proceeding;*

- *Bylaw 913 (Registration of a public accounting practice) is amended to remove the requirement that each partner of a public accounting firm or each shareholder of a professional corporation must be licensed;*

- *Bylaw 915 (Disclosure of Licence or authorization to practise public accounting) is repealed as its provisions have been included in the new Bylaw 901.*

IT IS HEREBY ENACTED as the First Bylaw of 2008 of **THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ONTARIO** (hereinafter called "the Institute") as follows:

1. Practice Inspection Bylaw 267(5) is amended as follows:

267 Practice inspection committee

(5) Notwithstanding the general duty set out in Bylaw 267(4) to maintain privilege and confidentiality,

(b) the director of practice inspection, in respect of any member who applies to be licensed as a public accountant or who~~, after December 31, 2011~~ applies to renew a public accounting licence, and in respect of whom a request has been received from the secretary to the public accounting licensing committee, shall provide such committee with a report on the outcome of the practice inspection of each practising office in or of which the member named in the request has been an employee, partner or the sole proprietor within the immediate past five years of the date of applying for the licence or for renewal of the licence; and the report shall include the date on which the inspection was completed and whether or not the inspection resulted in a determination that the practising office had maintained an appropriate level of professional standards as such standards relate to assurance and other related services;

2. Bylaw 901(Public accounting licence required) is repealed and a new Bylaw 901 (Requirements to be licensed to sign public accounting documents and for disclosure of status as a licensed public accountant) is introduced as follows:

~~**901 Public accounting licence required**~~

~~**(1) Public accounting licence**~~

~~Every member engaged in the practice of public accounting as defined in the *Public Accounting Act, 2004* shall hold a public accounting licence issued by the Institute pursuant to the *Public Accounting Act, 2004*.~~

~~**(2) Certificate of authorization**~~

~~Every professional corporation engaged in the practise of public accounting as defined in the *Public Accounting Act, 2004* shall hold a certificate of authorization to practise public accounting issued by the Institute pursuant to the *Public Accounting Act, 2004*.~~

901 Requirements to be licensed to sign public accounting documents and for disclosure of status as a licensed public accountant

(1) A member who is licensed as a public accountant shall use the term "Licensed Public Accountant" or the initials "LPA", following the licensee's name and the designation "Chartered Accountant" or the initials "CA", on any statement or report that is in respect of any assurance or compilation engagement when:

(a) the report for the engagement is issued in Ontario; or
(b) the work for the engagement is primarily performed in Ontario.

(2) For the purposes of any report to which clause (1) is applicable, only the lead engagement person responsible for signing the report must be licensed by the Institute as a public accountant. Other members of the engagement team, including the engagement quality control reviewer or other experts may be, but are not required to be licensed by the Institute as a public accountant.

(3) Certificate of authorization
Every professional corporation engaged in the practise of public accounting as defined in the *Public Accounting Act, 2004* shall hold a certificate of authorization to practise public accounting issued by the Institute pursuant to the *Public Accounting Act, 2004*.

(4) A professional corporation that holds a certificate of authorization to practise public accounting shall use the term "Authorized to practise public accounting by the Institute of Chartered Accountants of Ontario" on any statement or report that is in respect of any assurance or compilation engagement when:
(a) the report for the engagement is issued in Ontario; or
(b) the work for the engagement is primarily performed in Ontario.

(5) A firm shall use the term "Licensed Public Accountants" or the initials "LPA", following the designation "Chartered Accountants", on any statement or report that is in respect of any assurance or compilation engagement when:
(a) the report for the engagement is issued in Ontario; or
(b) the work for the engagement is primarily performed in Ontario.

(6) The provisions of clauses (1), (4) and (5), do not apply to tax returns if no compiled financial statements are attached to the return. However, when financial statements are attached to a tax return, the licensee, professional corporation or firm shall comply with the disclosure requirement of clause (1), (4), or (5) as applicable.

3. Bylaw 902 (Eligibility for a public accounting licence) is repealed and a new Bylaw 902 (Qualification for a public accounting licence) is introduced as follows:

~~902 Eligibility for a public accounting licence~~

~~A member is entitled to be licensed as a public accountant pursuant to the *Public Accounting Act, 2004* if the member~~

~~(1) applies for a public accounting licence and pays such fees as are prescribed by the Council;~~
~~(2) meets the qualifications established by the Council to become licensed as a public accountant;~~
~~(3) provides evidence satisfactory to the Council that he or she is of good character; and~~
    ~~(4) (a) has engaged in the practice of public accounting in a substantive way within the immediate past five years; or~~
        ~~(b) has not engaged in the practice of public accounting in a substantive way within the immediate past five years and has successfully completed:~~
            ~~(i) not more than 36 months prior to the date of application, a period of at least 12 months of public accounting services under the supervision of a licensee who has provided the Institute with a certificate of such completion; and~~
            ~~(ii) any course or courses prescribed by the Council and an updating examination(s) or evaluation(s) on:~~
                ~~(aa) the accounting and assurance standards set out in the *CICA Handbook – Accounting* and *CICA Handbook – Assurance*;~~
                ~~(bb) the rules of professional conduct;~~
                ~~(cc) taxation; and~~
                ~~(dd) business law.~~

902 Qualification for public accounting licensing

(1) Definitions
    (a) "chargeable hours" are hours normally chargeable to clients of a public accounting practice, provided that work of a routine clerical nature shall not be included in the computation of chargeable hours;
    (b) "designated services" are services that require competencies that are complementary to those required to provide public accounting services, namely:
        (i) taxation services related to assessing the appropriateness of taxation provisions and related financial reporting;
        (ii) performance measurement relating to the evaluation, development and interpretation of an entity's financial and non-financial information that measures and enhances an entity's organizational performance;
        (iii) forensic accounting;
        (iv) research on the interpretation or application of either or both of Canadian Generally Accepted Accounting Principles ("GAAP") and Canadian Generally Accepted Assurance Standards ("GAAS") or on professional standards;
        (v) financial reporting involving the review of accounting principles and financial statement disclosure and the appropriateness of internal controls for the purpose of presenting fairly the financial statements of an entity;

    - (vi) corporate finance services related to assisting a client in obtaining financing by explaining the financial statements to a financial institution, and assisting a client in analyzing the accounting effects of certain transactions;
    - (vii) research conducted for, or advice given to, assurance clients on matters related to assurance engagements;
    - (viii) training of other accountants or staff of the practice or firm in respect of the performance of assurance services where such training is an ongoing responsibility of the member;
- (c) "eligible hours" are
    - (i) chargeable hours acquired as a result of participating in a recognized capacity in providing public accounting services; and
    - (ii) other hours acquired in designated services;
- (d) "participated in a recognized capacity in providing public accounting services" means one or more of the following:
    - (i) each member of a firm or practising office who directly participates in a public accounting engagement, including any related subsidiary engagement, as a member of the engagement team;
    - (ii) each member of a firm or practising office who can directly influence the outcome of a public accounting engagement, such as members who provide:
        - (aa) consultation regarding professional standards;
        - (bb) consultation or opinions regarding taxation provisions or other technical or industry-specific issues, transactions or events;
        - (cc) quality control reviews;
    - (iii) a practice inspector appointed by the Institute or by the Canadian Public Accountability Board to conduct practice inspections of licensees, firms and practising offices;
- (e) for the purposes of this bylaw, "public accounting services" are
    - (i) assurance, including auditing or review engagements;
    - (ii) compilations accompanied by the prescribed Notice to Reader;
    - (iii) compilations not accompanied by the prescribed Notice to Reader.

(2) Basic Requirements for qualification for a public accounting licence

The Basic Requirements for qualification for a public accounting licence are the requirements respecting pre-licensing education and study requirements, public accounting experience, and evaluations or examinations for licensing prescribed by the Council from time to time.

(3) Eligibility for a public accounting licence

A member is entitled to be licensed as a public accountant by the Institute if the member previously qualified for a licence to practise public accounting by meeting the Basic Requirements prescribed by clause (2) of this bylaw and either never applied for a licence or allowed his or her licence to lapse, and the member:

(a) applies for a public accounting licence and pays such fees as are prescribed by the Council;

(b) fulfils the Additional Requirements to become licensed as a public accountant as prescribed in clause (5); and

(c) provides evidence satisfactory to the public accounting licensing committee that he or she is of good character.

(4) Basic Requirements for public accounting licensing not met

A member who previously has not fulfilled the Basic Requirements for a public accounting licence prescribed by clause (2) and seeks to be licensed as a public accountant shall prior to making an application for a licence

(a) successfully complete a minimum of two years of prescribed public accounting experience in a practising office approved for the training of students pursuant to Bylaw 407(1), which experience shall be completed under the direct supervision of a member of the Institute who is licensed to practise public accounting and shall include at least

 (i) 1,250 chargeable hours in assurance services, of which 625 chargeable hours shall be in audit engagements; and

 (ii) 100 chargeable hours in taxation services; and

(b) fulfil the Additional Requirements to become licensed as a public accountant as prescribed in clause (5); and

(c) provides evidence satisfactory to the public accounting licensing committee that he or she is of good character.

(5) Additional Requirements to be met for licensing eligibility

A member applying to be licensed as a public accountant shall satisfy the public accounting licensing committee that he or she has practised public accounting in a substantive way within the immediate past five years of the date of receipt of the application by the Institute as a result of having fulfilled the following Additional Requirements:

(a) the member

 (i) has participated in a recognized capacity in public accounting services in a practising office that has been the subject of a practice inspection resulting in a determination that the practice's quality control system, current engagement files, and related financial statements adhere to professional standards contained within the *CICA Handbook* and other professional standards established by the Institute; or

(ii) is an employee, partner or sole proprietor of a newly established or soon-to-be established practising office that accordingly has not been the subject of a practice inspection; in which case the member shall be eligible to be granted a licence if he or she has satisfied the public accounting licensing committee that he or she has successfully completed all of the requirements of this bylaw and shall hold such licence, if granted, on the condition that the firm or practising office is the subject of a practice inspection not later than 12 months following the date of issuance of the licence and the inspection results in a determination that the practice's quality control system, current engagement files, and related financial statements adhere to professional standards contained within the *CICA Handbook* and other professional standards established by the Institute; or

(iii) is a practice inspector appointed by the Institute or by the Canadian Public Accountability Board to conduct practice inspections of licensees, firms and practising offices;

(b) the member has participated in a recognized capacity in public accounting services and obtained a minimum of 2,500 hours consisting of:

(i) a minimum of 1,250 eligible hours in public accounting services within the immediate past five years; and

(ii) up to 1,250 eligible hours in designated services within the immediate past five years;

(c) the member has fulfilled the mandatory continuing professional development requirement consisting of a minimum of 20 hours annually of which at least 10 hours must be verifiable and 120 hours in the last three-year period, of which at least 60 hours must be verifiable in accordance with the provisions of Bylaw 801, in activity directly related to the competencies needed to provide public accounting services.

(6) Exercise of discretion by public accounting licensing committee

(a) Despite the other provisions of this bylaw, the public accounting licensing committee may grant a licence to a member who previously qualified but never applied for a licence or allowed his or her licence to lapse if it is satisfied that the member has

(i) met the Basic Requirements prescribed in clause (2);

(ii) met all of the Additional Requirements prescribed in clause (5) with the exception of the additional public accounting experience requirements set out in clause (5)(b); and

(iii) has the required capabilities, competence and current skills to provide public accounting services.

(b) The public accounting licensing committee shall document in writing its reasons for exercising its professional judgement to grant a licence to a member pursuant to the provisions of clause

(a) and shall include in the supplemental report that the Institute is required to file annually with the Public Accountants Council the number of licences issued to members pursuant to clause (a) together with an outline of its supporting reasons and any further information that the Public Accountants Council may request.

4. Bylaw 906 (Renewal of licence) is amended as follows:

906 Renewal of licence

~~Subject to the provisions of clauses (3), (4), (5) and (6), a member who holds a public accounting licence is entitled to have his or her licence renewed prior to its expiry date if prior to that date the member:~~

~~(a) applies for the licence renewal and pays the renewal fees as prescribed by the Council; and~~

~~(b) meets all other requirements for renewal as may be stipulated by the Council.~~

(1) Definitions

(a) "participated in a recognized capacity in providing public accounting services" means one or more of the following:

- (i) each member of the firm who has responsibility for the entire public accounting engagement;
- (ii) each member of a firm or practising office who directly participates in a public accounting engagement, including any related subsidiary engagement, as a member of the engagement team;
- (iii) each member of a firm or practising office who can directly influence the outcome of a public accounting engagement, such as members who provide:
    - (aa) direct supervision, management or other oversight of the leadership of the engagement team(s);
    - (bb) consultation regarding professional standards;
    - (cc) consultation or opinions regarding taxation provisions or other technical or industry-specific issues, transactions or events;
    - (dd) quality control reviews;
    - (iv) a practice inspector appointed by the Institute or by the Canadian Public Accountability Board to conduct practice inspections of licensees, firms and practising offices;

(b) for the purposes of this bylaw, "public accounting services" are

- (i) assurance, including auditing or review engagements;
- (ii) compilations accompanied by the prescribed Notice to Reader;
- (iii) compilations not accompanied by the prescribed Notice to Reader.

(2) Requirements for licence renewal

A member who holds a public accounting licence is entitled to have his or her licence renewed prior to the expiry date if, within the immediate past five years of the date of receipt of the renewal application by the Institute, the member

(a) has practised public accounting in a substantive way as a result of having participated in a recognized capacity in providing public accounting services;

(b) fulfils the Additional Requirements prescribed in Bylaw 902(5); and

(c) meets all other requirements for renewal as may be prescribed by the Council.

(3) Exercise of discretion by public accounting licensing committee

(a) Despite the other provisions of this bylaw, the public accounting licensing committee may renew the licence of a member who has met all of the Additional Requirements prescribed in Bylaw 902(5) with the exception of the additional public accounting experience requirements set out in Bylaw 902(5)(b) if it is satisfied that the member otherwise has the required capabilities, competence and current skills to provide public accounting services.

(b) The public accounting licensing committee shall document in writing its reasons for exercising its professional judgement to renew the licence of a member pursuant to the provisions of clause (a) and shall include in the supplemental report that the Institute is required to file annually with the Public Accountants Council for the Province of Ontario the number of licences renewed pursuant to clause (a) together with an outline of its supporting reasons and any further information that the Public Accountants Council for the Province of Ontario may request.

~~(2)~~ (4) Failure to renew

In the event a member does not renew his or her public accounting licence he or she must apply pursuant to Bylaw 902 for a new public accounting licence and cease practising public accounting until such new licence is issued.

~~(3)~~ (5) Public accounting not practised within past five years

~~A~~ **Subject to the provisions of clause (3),** a licensee shall not be eligible to renew a licence if, within the immediate past five years **of the expiry date**, the licensee has not engaged in the practice of public accounting in a substantive way **by fulfilling the Additional Requirements prescribed in Bylaw 902(5)**.

~~(4)~~(6) Demonstration of current competency

A ~~licensee to whom clause (3) is applicable~~ **member whose public accounting licence has expired and who within the immediate past five years of the date of the Institute's receipt of his or her application for a new licence**

(a) has not practised public accounting; or

(b) has not fulfilled the Additional Requirements prescribed in Bylaw 902(5) and has not been granted a licence pursuant to clause (3)

shall, as a condition to be met prior to being eligible for the issuance of a new licence,

~~(a)~~ **(c)** have successfully completed, not more than 36 months prior to the date of application, a period of at least 12 months of public accounting services under the supervision of a licensee who has provided the Institute with a certificate of such completion; **and**

~~(b)~~ **(d)** have successfully completed any course or courses prescribed by the Council and an updating examination(s) or evaluation(s) on:

- (i) the accounting and assurance standards set out in the *CICA Handbook – Accounting* and *CICA Handbook – Assurance*;
- (ii) the rules of professional conduct;
- (iii) taxation; and
- (iv) business law.

~~(5) Commencement date for five-year period~~

~~The five-year period specified in clause (3) commences on January 1, 2007.~~

5. Bylaw 911 (Public Accounting Licensing Committee) is amended by adding a new clause (6) as follows:

911 Public Accounting Licensing Committee

(6) If the public accounting licensing committee while considering any application made by a member who seeks to be licensed as a public accountant pursuant to clause (2)(a), becomes aware that the member's professional conduct is the subject of an investigation by the professional conduct committee it shall not issue a licence to the member until the professional conduct committee has concluded its investigation, unless the professional conduct committee has advised the public accounting licensing committee that the nature or circumstances of the complaint or the action, omission, matter or thing under investigation would not put at risk or would not appear to put at risk any member of the public or the reputation of the profession and its ability to serve the public interest.

(7) The public accounting licensing committee shall not issue a licence to a member if upon the conclusion of an investigation the professional conduct committee makes any charge or charges against the member or negotiates the settlement of any charge with the member, if in the opinion of the public accounting licensing committee the nature or circumstances of the complaint against the

member or any action, omission, matter or thing to which the charge or charges or the settlement relate would put at risk or appear to put at risk any member of the public or the reputation of the profession and its ability to serve the public interest if the member were to be issued a licence.

(8) The pubic accounting licensing committee shall not issue a licence to a member if the member is the subject of a settlement agreement or an order of the discipline committee or the appeal committee and the member has not fully complied with the settlement agreement or the order, until the secretary to the discipline committee or to the appeal committee, as applicable, has advised the public accounting licensing committee that the member has fully complied with the settlement agreement or the order.

(9) The public accounting licensing committee shall not grant a licence to a member or renew the licence of a member if it has reason to believe that the member will not practise public accounting or will not perform public accounting services in accordance with the *Public Accounting Act, 2004* or the bylaws or rules of professional conduct of the Institute.

6. Bylaw 913 (Registration of a public accounting practice) is amended as:

913 Registration of a public accounting practice

(1) A member who is licensed to practise public accounting shall not engage as a sole proprietor on either a full-time or part-time basis in the practice of public accounting as defined in the *Public Accounting Act, 2004* unless the sole proprietor practice is registered with the Institute as a public accounting practice in accordance with the provisions of Bylaw 307.

(2) Two or more members shall not engage in partnership in the practice of public accounting as defined in the *Public Accounting Act, 2004* unless the partnership is registered with the Institute as a public accounting practice in accordance with the provisions of Bylaw 307 ~~and each of the partners is licensed by the Institute to practise public accounting~~.

(3) Two or more members shall not engage in partnership in the practice of public accounting as defined in the *Public Accounting Act, 2004* through a limited liability partnership unless the partnership is registered with the Institute as a public accounting practice in accordance with the provisions of Bylaw 307 ~~and each of the partners is licensed by the Institute to practise public accounting~~.

(4) A member or two or more members shall not engage in the practice of public accounting as defined in the *Public Accounting Act, 2004* through a professional corporation unless the professional corporation has been issued a certificate of registration under Bylaw 308~~,~~ and a certificate of authorization to practise public accounting has been issued by the Institute under Bylaw 901 ~~and each of the shareholders of the professional corporation is licensed by the Institute to practise public accounting~~.

7. Bylaw 915 (Disclosure of licence or authorization to practise public accounting) is repealed as its provisions have been included in new Bylaw 901:

~~915 Disclosure of licence or authorization to practise public accounting~~

~~(1) A licensee, when providing any accounting or assurance services in respect of a financial statement, or of any part of a financial statement or any statement attached to a financial statement, shall disclose in any written statement, opinion or report , the fact that the person is licensed as a public accountant by use of the term "Licensed Public Accountant" following the licensee's name and the designation "Chartered Accountant" or the initials "CA".~~

~~(2) A professional corporation that holds a certificate of authorization to practise public accounting, when providing any accounting or assurance services in respect of a financial statement, or of any part of a financial statement or any statement attached to a financial statement, shall disclose in any written statement, opinion or report, the fact that the professional corporation holds a certificate of authorization by use of the words "Authorized to practise public accounting by the Institute of Chartered Accountants of Ontario".~~

~~(3) A firm, when providing any accounting or assurance services in respect of a financial statement, or of any part of a financial statement or any statement attached to a financial statement, shall disclose in any written statement, opinion or report, the fact that the firm is a public accounting practice by the use of the term "Licensed Public Accountants" following the designation "Chartered Accountants".~~

SECOND BYLAW OF 2008

Explanatory note:

The Second Bylaw of 2008 amends various bylaws respecting admission to membership by members of other professional accounting bodies who seek to become members of the Institute and the provisions relating to readmission to membership and resignation from membership as follows:

- *Bylaw 302 (Admission to membership) is amended to replace the specific reference to "all of the educational, practical experience and examination requirements as prescribed by the Council and set out in Regulation II" that members of accounting bodies outside Canada that are substantially equivalent to the Institute in respect of their education, examination and experience requirements who seek to qualify for admission to membership in the Institute must fulfill with the more general wording of "the requirements as prescribed by the Council from time to time";*
- *Bylaw 306 (Resignation), Bylaw 530 (Discipline Committee) and Bylaw 578 (Stay of proceedings) are amended to clarify that when a member is permitted to resign from membership in the Institute by the Discipline Committee the resignation's taking effect is subject to the provisions of Bylaw 306 that govern all resignations;*
- *Bylaw 351(Readmission of members who resigned) and Bylaw 353 (Readmission and restoration or revocation by disciplinary order) are amended to clarify the circumstances under which an applicant seeking readmission is required to file a declaration of compliance with the continuing professional development requirements of Bylaw 801.*

The amendments presented in the Second Bylaw of 2008 require the approval of at least two-thirds of the votes cast by members, in accordance with the requirements of Bylaw 247, as they amend Institute membership bylaws.

IT IS HEREBY ENACTED as the Second Bylaw of 2008 of **THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ONTARIO** (hereinafter called "the Institute") as follows:

1. Bylaw 302(1) (Admission to membership) is amended in clauses (d) and (e) as follows:

302 Admission to membership

(1) The membership committee may by resolution admit to membership an applicant for whom it has received satisfactory evidence of competence to practise as a chartered accountant and of good moral character, including documentation of any finding made pursuant to Bylaws 263 or 601 by the applications committee or the appeal committee, as the case may be, provided such applicant is:

(d) a certified public accountant from the United States of America who is a certificate holder in good standing with a state board of accountancy or equivalent body which recognizes membership in the Institute as a basis for obtaining the certificate granted by that board without requiring the member to write and pass the uniform Certified Public Accountant examination administered by the American Institute of Certified Public Accountants, provided he or she has been accepted as a membership candidate and has fulfilled ~~all of the educational, practical experience and examination~~ **the** requirements ~~as~~ prescribed by the Council **from time to time** ~~and set out in Regulation II~~;

(e) a member or former member of any accounting body outside Canada which recognizes membership in the Institute as a basis for obtaining membership in that body without requiring that its normal final examination(s) be written and passed, provided such other accounting body

  (i) is recognized by the Council under Bylaw 303(1), in the case of a current member in good standing of the accounting body; or, was recognized by the Council under Bylaw 303(1) or designated by the Council under any predecessor bylaw when the former member ceased to be a member in good standing of that accounting body, in the case of a former member, or

  (ii) was a body recognized by the Council pursuant to Bylaw 303(1), or designated by the Council under any predecessor bylaw, on the date the person applying to the Institute was admitted to membership in that body, if such body is not recognized pursuant to Bylaw 303(1) on the date of making application to the Institute,

and provided the applicant has been accepted as a membership candidate and has fulfilled ~~all of the educational, practical experience and examination~~ **the** requirements ~~as~~ prescribed by the Council **from time to time** ~~and set out in Regulation II~~.

2. Bylaw 306 (Resignation) is amended in clause (2) as follows:

306 Resignation

(1) Any member may submit a written application to resign from membership in the Institute to the membership committee unless:

  (a) the member's practising unit is the subject of a practice inspection or a practice reinspection;

  (b) the member's professional conduct is

    (i) the subject of an investigation by the professional conduct committee, or

    (ii) the subject of charges made by the professional conduct committee;

  (c) the member has not fully complied with an order of the discipline committee or the appeal committee;

  (d) the member is in arrears in respect of any Institute fee.

(2) The Council may impose conditions which must be satisfied before an application to resign is accepted. The membership committee shall not accept such resignation until such conditions have been satisfactorily fulfilled. **The Council shall not impose any conditions on a resignation permitted pursuant to Bylaw 530(3)(f) other than the conditions set out in subsection (1) of this Bylaw.**

3. Bylaw 530(3) (Discipline committee) is amended in clause (f) as follows:

530 Discipline committee
(3) Committee sanctions

After a hearing the discipline committee shall, subject to the provisions of clause (3.1), find the member, student, firm or professional corporation guilty or not guilty of a charge. If the member, student, firm or professional corporation is found guilty of a charge, the discipline committee may order one or more of the following, namely:

(f) that any such member shall be expelled from membership in the Institute, or it may permit any such member to resign**, subject to the provisions of Bylaw 306**;

4. Bylaw 578 (Stay of proceedings) is amended as follows:

578 Stay of proceedings

Upon the giving of any notice of appeal, the terms of ~~any~~ **the** order **appealed from** ~~other than a suspension imposed pursuant to Bylaw 583,~~and the operation of these bylaws as to notice and publication shall be stayed pending disposition of the appeal by the appeal committee. **The stay shall not apply to any suspension imposed pursuant to Bylaw 583.**

5. Bylaw 351 (Readmission of members who resigned) is amended in clause (1) as follows:

351 Readmission of members who resigned

(1) A former member of the Institute who resigned while in good standing may apply to the membership committee to be readmitted to membership in the Institute upon making a written application in the form prescribed by the Council, filing the declaration required pursuant to Bylaw 355, **and as applicable** filing a declaration in the prescribed form attesting that the continuing professional development requirements of Bylaw 801(3)(b) or 801(18)(a)(ii) or 18(b)(ii), as applicable, have been met and fulfilling the requirements of this bylaw.

6. Bylaw 353 (Readmission and restoration after expulsion or revocation by disciplinary order) is amended in clause (1)(d) as follows:

353 Readmission and restoration after expulsion or revocation by disciplinary order
(1) Application for readmission or restoration

Any person expelled from membership in the Institute, member whose licence was revoked and/or professional corporation in respect of which the certificate of authorization was revoked under the terms of an order of the discipline or appeal committee may apply to the discipline committee to be readmitted to membership in the Institute and/or granted a licence or certificate of authorization, as the case may be, upon:

(d) **as applicable,** filing a declaration in the prescribed form attesting that, within the three-year period immediately prior to the Institute's receipt of the application for readmission, the member has fulfilled the total three-year hour requirement of continuing professional development, including the minimum number of verifiable hours for that three-year period, prescribed pursuant to Bylaw 801(3)(b) or 801(18)(a)(ii) or 18(b)(ii), as applicable; and

THIRD BYLAW OF 2008

Explanatory note:

The Third Bylaw of 2008 amends Bylaw 801 (Mandatory Continuing Professional Development) to give more precise definition to "verifiable" and "unverifiable" continuing professional development and introduces a new Bylaw 112 (Normal course of carrying on the profession of chartered accountancy). The introduction of new Bylaw 112 is necessitated by the recent enactment by the Ontario Legislature of Bill 14, Access to Justice Act, 2006, which contains an exemption from the definition of practising law or providing legal services for persons acting in the normal course of carrying on a profession or occupation governed by another Act of the Legislature that regulates specifically the activities of persons engaged in that profession or occupation. The Chartered Accountants Act, 1956 regulates specifically the practice of chartered accountancy but does not define what constitutes the practice of chartered accountancy. The adoption of new Bylaw 112 pursuant to the provisions of the Chartered Accountants Act, 1956 will ensure that the professional services provided by chartered accountants are included within the exemption provision of Bill 14. Discipline Committee Bylaw 575(3.1) and Appeal Committee Bylaw 654(3.1) are amended to delete the word "student", as a student is not subject to the same publication provisions arising from disciplinary proceedings as are members. The Third Bylaw of 2008 also amends Bylaw 263 (Applications Committee) to reduce the quorum for panels conducting hearings of the committee from five members, including one public representative, to three members, including one public representative. The amendment to Bylaw 263 makes the quorum provisions for the Applications Committee consistent with those for the Discipline Committee and Appeal Committee and will provide the committee with greater flexibility to accommodate a growing number of applications for which hearings are required. The amendment to Bylaw 263 was passed by the Council on November 29, 2007 and its provisions have continued in effect subject to being approved by the members at the 2008 Annual General Meeting.

IT IS HEREBY ENACTED as the Third Bylaw of 2008 of **THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ONTARIO** (hereinafter called "the Institute") as follows:

1. Bylaw 801 (Mandatory Continuing Professional Development) is amended in clauses (4) and (5) as follows:

(4) Verifiable continuing professional development

"Verifiable continuing professional development" means that the learning can be objectively verified by a competent source, and may include:

~~(a) attending or teaching courses or seminars;~~
~~(b) being a participant, lecturer or presenter at a conference;~~
~~(c) participating in or leading technical discussion groups;~~
~~(d) attending or teaching advanced or post-secondary education courses; and~~
~~(e) completing structured self-study programs.~~
(a) participation in courses, conferences and seminars;
(b) organized employer-based in-house training sessions;

(c) research or study projects in areas that expand the professional knowledge of the member and that result in presentations, reports or similar documentation;

(d) research , including reading professional literature or journals for specific application in a professional role;

(e) participation and work on technical committees;

(f) published professional writing or academic work;

(g) writing technical articles, papers or books;

(h) teaching a course or a continuing professional development session in an area that is relevant to a professional role;

(i) participation as a speaker in conferences, briefing sessions or discussion groups;

(j) formal study such as leading to a degree or diploma;

(k) pre-professional re-examination or formal testing;

(l) self study involving successful completion of an examination or leading to a designation.

The member must retain evidence satisfactory to the Institute that the content and completion of the activities meet the criteria of this definition and produce such evidence as required from time to time.

(5) **~~Other~~ Unverifiable continuing professional development**

"~~Other~~ Unverifiable continuing professional development" means independent and informal learning activities and may include:

~~(a) private reading, study and technical research;~~

~~(b) preparation time for lectures and presentations;~~

~~(c) research and writing time for professional or business-related articles; and~~

~~(d) on-the-job training~~.

(a) on-the-job training for new software, systems, procedures or techniques for application in a professional role;

(b) self study that does not involve an examination or other objective certification of completion, such as conference reference material or self-study CDs;

(c) casual reading of professional journals or magazines that is not part of research for a specific application in a professional role.

The member must retain evidence satisfactory to the Institute that the content and completion of the activities meet the criteria of this definition and produce such evidence as required from time to time.

2. New Bylaw 112 (Normal course of carrying on the profession of chartered accountancy) is introduced as follows:

112 **Normal course of carrying on the profession of chartered accountancy**

The normal course of carrying on the profession of chartered accountancy encompasses the providing of any professional services requiring or benefiting from the expertise of a chartered accountant, and includes, without being limited to: services related to analysis, advice, interpretation,

consultation, planning and representation in the areas of accounting, assurance, compilation, financial reporting, finance, taxation, business management, business advisory services, information technology, investigative and forensic accounting, insolvency, performance measurement and reporting, valuations, strategy and risk management, governance, management decision-making, and investment; areas in which the Institute offers or recognizes a specialist certification or licence; and any area established by the Institute as an area of competence required or desired for admission to the Institute.

3. Discipline Committee Bylaw 575(3.1.) (Notice of decisions and orders: disclosure of name – publication) and Appeal Committee Bylaw 654(3.1) (Notice of decisions and orders: disclosure of name – publication) are amended as follows:

575 Notice of decisions and orders: disclosure of name - publication

(3.1) All costs associated with the publication referred to in clause (3) shall be borne by the member, ~~student,~~ firm or professional corporation against whom the order was made, and shall be in addition to the costs, if any, ordered by the committee pursuant to Bylaw 530(3)(c).

654 Notice of decisions and orders: disclosure of name - publication

(3.1) All costs associated with the publication referred to in clause (3) shall be borne by the member, ~~student,~~ firm or professional corporation against whom the order was made, and shall be in addition to the costs, if any, ordered by the committee pursuant to Bylaw 530(3)(c).

4. Bylaw 263(2) (Applications Committee) is amended as follows:

263 Applications committee

(2) An application before the applications committee shall be heard and determined by a panel of not fewer than ~~five~~ three members of the applications committee, provided that one member of the panel shall be a public representative.

MANDATORY PROFESSIONAL LIABILITY INSURANCE REGULATION

Adopted by the Council pursuant to Bylaw 701 effective October 1, 1996 and amended February 15, 2001, October 31, 2006, ~~and~~ November 23, 2006 and February 22, 2008

(1) Insurance coverage

Professional liability insurance coverage shall be maintained by

(a) every firm engaged in the practice of public accounting in Ontario;

(b) every professional corporation engaged in the practice of public accounting in Ontario; and

(c) every member engaged in the practice of public accounting in Ontario as either a sole proprietor or a partner of a non-member public accountant.

~~The amount of insurance to be maintained by such members up to December 31, 2007 shall be in an amount at least equal to the lesser of~~

- ~~(i) $250,000 for each member who, as applicable, is a partner, proprietor, employee or shareholder; and~~
- ~~(ii) $1,000,000.~~

The minimum amount of insurance to be maintained by a member, firm or professional corporation as of January 1, 2008 shall be:

- ~~(iii)~~ **(i)** $1 million where one member **is engaged or employed** **in the** practise~~s~~ **of** public accounting; or
- ~~(iv)~~ **(ii)** $1.5 million where two or three members **are engaged or employed in the** practise~~s~~ **of** public accounting **in the same sole proprietorship, partnership or professional corporation**; or
- ~~(v)~~ **(iii)** $2 million where four or more members **are engaged or employed** **in the** practise~~s~~ **of** public accounting **in the same sole proprietorship, partnership or professional corporation**.

~~A firm of members which cannot realistically obtain insurance in the amount required by the Institute because of the size of their firm or practice may certify to the Institute that the firm has set aside assets at least equal in value to the amount of insurance required above in lieu of such insurance.~~

A firm that self-insures pursuant to the provisions of paragraph 3 shall certify to the Institute that the firm has self-insured for the amount of coverage required by the Institute.

(2) Maximum allowable deductible

In respect of the amount of insurance required to be maintained by members, firms and professional corporations ~~up to December 31, 2007~~ pursuant to paragraph 1, any deductible amount shall be reasonable in relation to the total revenues of the member's, firm's or professional corporation's practice of public accounting and shall not exceed 50 per cent of the minimum coverage amount required to be maintained by the member, firm or professional corporation ~~up to December 31, 2007 pursuant to paragraph 1~~. A member, firm or professional corporation shall ensure the member, firm or professional corporation has set aside assets at least equal in value to **the amount of the deductible that is specified in the professional liability insurance policy and which meets the requirements of this paragraph. The assets set aside for** this purpose must be cash (cash on hand or demand deposits) or cash equivalents (such as a letter of credit or short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value).

~~(a) the amount of the deductible that is specified in the professional liability insurance policy of the member, firm or professional corporation when the minimum amount of coverage required under the provisions of paragraph 1 is less than $1,000,000; or~~

~~(b) $500,000 when the firm or professional corporation is required to maintain minimum coverage of $1,000,000 under the provisions of paragraph 1.~~

~~In respect of the amount of insurance required to be maintained by members, firms and professional corporations as of January 1, 2008 pursuant to paragraph 1, any deductible amount shall be reasonable in relation to the total revenues of the member's, firm's or professional corporation's practice of public accounting and shall not exceed 50 per cent of the minimum coverage amount required to be maintained by the member, firm or professional corporation as of January 1, 2008 pursuant to paragraph 1. A member, firm or professional corporation shall ensure the member, firm or professional corporation has set aside assets at least equal in value to the amount of the deductible that is specified in the professional liability insurance policy and which meets the requirements of this paragraph.~~

The provisions of this paragraph do not apply to a firm that has certified to the Institute pursuant to the provisions of paragraph 3 that the firm has self-insured for the amount of professional liability insurance coverage required by the Institute.

(3) Firms may self-insure

A firm in respect of which professional liability insurance coverage in the amount required by the Institute is not reasonably available in the marketplace due to the size of the firm and its risk exposure shall certify to the Institute that the firm has self-insured for the amount required by the Institute by setting aside assets at least equal in value to the amount of insurance required pursuant to paragraph 1. The requirement to set aside assets shall be fulfilled for the purpose of this paragraph by an insurance company that is formed directly or indirectly by the firm or by an association in which the firm is a member or for members by a global network of firms and that insurance company provides professional liability insurance coverage for the firm.

~~(3)~~ (4) Duration of coverage

In the event of

(a) the withdrawal of a partner or member employee from a practice of public accounting, whether or not that partner or employee continues to carry on the practice of public accounting elsewhere; or

(b) the merger, dissolution or cessation of practice of a firm, proprietorship or partnership engaged in the practice of public accounting, or

(c) the suspension, revocation or non-renewal of a professional corporation's registration certificate, or the dissolution or discontinuance of a professional corporation; or

(d) the withdrawal of a shareholder, officer, director or member employee of a professional corporation, whether or not that shareholder, officer, director or member employee continues to carry on the practice of public accounting elsewhere;

the professional liability insurance that was required to be carried pursuant to paragraph 1, ~~or the assets set aside in lieu of the insurance,~~ prior to the occurrence of the event referred to in (a), (b), (c) or (d), shall continue to be maintained for a period of at least six years following the event to cover acts or omissions occurring prior to the event.

~~(4)~~ (5) Proof of coverage

Satisfactory proof of insurance coverage ~~or the assets set aside in lieu thereof~~ **or certification of self-insurance** shall be provided to the Institute within two months of the commencement of the practice of public accounting in Ontario, and on an annual basis thereafter, and shall be submitted in the form and manner prescribed by the Council.

~~(5)~~ (6) Other information

Members shall provide such other information as the Council requires to verify compliance with Bylaw 701 and this regulation.

~~(6)~~(7) Notification of insurance cancellation or reduction

Every professional liability insurance contract shall be endorsed with the requirement that the insurer notify the Institute immediately of

(a) the cancellation of the insurance coverage; or

(b) the reduction of the insurance coverage below the level required pursuant to paragraph 1.

~~(7)~~(8) Reinstatement fee

The amount of the reinstatement fee required to be paid pursuant to Bylaw 701~~(3)~~(5) shall be $500.

~~(8)~~(9) Readmission fee

The amount of the readmission fee required to be paid pursuant to Bylaw 701~~(5)~~(7) shall be $1000.

~~(9)~~ (10)Public accounting services performed without fee or other reward

Pursuant to the *Public Accounting Act, 2004* and Ontario Regulation 238/05, the provisions of this regulation are **not** applicable ~~on and after May 20, 2007 in respect of~~ **to** any member, firm or professional corporation licensed or authorized to practise public accounting who engages in such practise without fee or other reward.

~~(10)~~ (11) Definitions

In this regulation, terms have the same meaning as defined in Bylaw 103.

AMENDMENTS TO *REGULATION I A REGULATION IN RESPECT OF STUDENTS* ADOPTED BY THE COUNCIL ON FEBRUARY 22, 2008

INTRODUCTION TO REGULATION I

The introduction to Regulation I is repealed.

REGULATION I
A Regulation in respect of Students

201 Registration

(2) General education requirement

The general educational requirement for registration as a student is a degree from a university designated by the registrar in accordance with guidelines approved by the Council. The Council may, in particular cases, approve for the purpose of registration as a student such other educational standing or qualification it deems to be the equivalent of a degree from a designated university.

(4) Registration classifications

An applicant who seeks to be registered as a student shall apply under one of the classifications set out in (a) to (g) below. In addition to the documentation prescribed under Sections 201(1) and (3), such applicant shall file with the registrar the evidence specified under the applicable registration classification that establishes that the applicant is qualified to be registered in accordance with such classification.

(d) Certified General Accountant

A member in good standing of the Certified General Accountants Association of Ontario who seeks to be registered as a student shall file with the registrar satisfactory evidence that he or she:

~~(i)~~ ~~has obtained accounting, business or other relevant work experience of three or more years or equivalent work experience acceptable to the Institute; and~~

~~(ii)~~ (i) is a member in good standing of the Certified General Accountants Association of Ontario~~.~~; and

(ii) has fulfilled the general education requirement of Section 201(2).

(e) Certified Management Accountant

A member in good standing of the Society of Management Accountants of Ontario who seeks to be registered as a student shall file with the registrar satisfactory evidence that he or she:

~~(i) has obtained accounting, business or other relevant work experience of three or more years or equivalent work experience acceptable to the Institute; and~~

~~(ii)~~ (i) is a member in good standing of the Society of Management Accountants of Ontario~~.~~ **and**

(ii) has fulfilled the general education requirement of Section 201(2).

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PRESCRIBED UNIVERSITY DEGREE-CREDIT COURSES

301 Credit-hour requirement

In addition to the basic university degree requirement, a student must complete specified degree-credit courses totalling a minimum of credit hours. The credit-hour requirement, as set out below, may be accomplished on a full-time or a part-time basis or a combination of both. Part-time studies may be completed subsequent to registration. (*The Institute annually publishes a brochure listing courses offered at Ontario universities and recognized by the Institute for credit towards the credit-hour requirement.*)

(3) Course credit recognition and exemptions

~~A Certified General Accountant or Certified Management Accountant registered pursuant to Section 201(4)(d) or (e) shall be exempt from the credit-hour requirement.~~ A member of a non-designated accounting body outside Canada registered pursuant to Section 201(4)(g) shall, in accordance with a standing resolution of the Council adopted in respect of all of the members of the particular accounting body, or may, in accordance with a decision of the applications committee made pursuant to Bylaw 402 in the absence of a standing resolution of the Council applicable to all members of the particular accounting body, be exempt from all of the required credit-hours except for a course in law acceptable to the Institute, which must be successfully completed at a Canadian university.

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400 STAFF TRAINING PROGRAM

Graduates of professional school of accounting programs and students who have completed this requirement while registered with a provincial institute are exempt from the staff training program prescribed by this regulation. A Certified General Accountant, Certified Management Accountant or a member of a non-designated accounting body outside Canada is also exempt from the staff training program.

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500 ICAO PROFESSIONAL PROGRAM

Every student except a graduate of a professional school of accounting program or a student who has been granted exemption by the applications committee pursuant to Bylaw 402 is required to successfully complete the ICAO Professional Program, comprised of the Core-Knowledge Examination and the School of Accountancy, in order to write the Uniform Evaluation.

501 Core-Knowledge Examination eligibility requirements

A member of a non-designated accounting body outside Canada will ordinarily be required to successfully complete the Core-Knowledge Examination after having been successful in a university course in law acceptable to the Institute. A Certified General Accountant, Certified Management Accountant or member of a non-designated accounting body outside Canada who believes he or she has ~~exceptional education and experience backgrounds~~ **previous education, professional qualification(s) and accounting experience that establish that he or she has demonstrated, on a substantial equivalency basis, the required breadth and depth of competency development at the levels of proficiency required of an entry-level Chartered Accountant in Ontario, as specified in *The UFE Candidates' Competency Map* and the *CA Practical Experience Requirements*** may petition the applications committee to be granted exemption from the Core-Knowledge Examination. Any such petition shall be considered by the applications committee pursuant to Bylaw 402 and in accordance with guidelines adopted by the Council from time to time.

502 School of Accountancy eligibility requirements

A member of a non-designated accounting body outside Canada will ordinarily be required to successfully complete the School of Accountancy after having been successful in a university course in law acceptable to the Institute. A Certified General Accountant, Certified Management Accountant or member of a non-designated accounting body outside Canada who believes he or she has ~~exceptional education and experience backgrounds~~ **previous education, professional qualification(s) and accounting experience that establish that he or she has demonstrated, on a substantial equivalency basis, the required breadth and depth of competency development at the levels of proficiency required** of an entry-level Chartered Accountant in Ontario, as specified in *The UFE Candidates' Competency Map* and the *CA Practical Experience Requirements* may petition the applications committee to be granted exemption from the School of Accountancy. Any such petition shall be considered by the applications committee pursuant to Bylaw 402 and in accordance with guidelines adopted by the Council from time to time.

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700 PRESCRIBED PRACTICAL EXPERIENCE

701 ~~Engagement activity~~ Practical experience requirements

(1) Prescribed experience

A student registering with the Institute prior to September 1, 2007 is required to complete the practical experience requirements prescribed in Section 701(2), Section 702 and Section 703. A student registering with the Institute on or after September 1, 2007 is required to complete the practical experience requirements prescribed in the *CA Practical Experience Requirements* or any successor document or criteria as may be approved by Council from time to time. A Certified General Accountant, Certified Management Accountant or member of a non-designated accounting body outside Canada who believes he or she has previous education, professional qualification(s) and accounting experience that establish that he or she has demonstrated, on a substantial equivalency basis, the required breadth and depth of competency development at the levels of proficiency required of an entry-level Chartered Accountant in Ontario, as specified in *The UFE Candidates' Competency Map* and the *CA Practical Experience Requirements* may petition the applications committee for permission to complete a reduced period of prescribed practical experience or for exemption from the experience requirement. Any such petition shall be considered by the applications committee pursuant to the provisions of Bylaw 402 and in accordance with guidelines adopted by the Council from time to time.

~~(1)~~ (2) Chargeable hours

A student who registered with the Institute prior to September 1, 2007 is required to complete the following minimum number of chargeable hours before being admitted to membership. Assurance service hours, including financial statement audit procedures hours, must take place within the CA candidate's approved training office. All remaining hours, including the 100 required hours in taxation, may take place within the approved training office or under secondment as provided in Section 701~~(2)~~ (3).

Engagement Activity	Minimum Number of CA-Supervised Chargeable Hours	
Prescribed Chargeable Hours:		
Financial statement audit procedures in accordance with the *CICA Handbook*	625	
Other assurance procedures which must include a minimum of 100 hours of review procedures in review and other assurance engagements*, in accordance with the *CICA Handbook*, and may include one or more of such areas as environmental audit, forensic audit and non-financial performance measurement, as well as additional hours in financial statement audit procedures	625	
Total Assurance Procedures		1250
Taxation and tax service assignments		100
Total Prescribed Chargeable Hours		1350
Elective Chargeable Hours:		
For greater depth in any of the areas noted above and such other related activities as organizational effectiveness, control and risk management, information technology, finance, consulting, insolvency and valuations		1150
Total CA-supervised chargeable hours		2500

* *The minimum 100 hours of review is applicable for all students registering with the Institute from September 1, 2001.*

(Note: Hours spent on taxation within an audit or a review engagement may be included as both a taxation and an audit or review engagement hour in the calculation of those specific hour requirements but such hours count only once in meeting the overall chargeable hour requirement.)

~~(2)~~ (3) Secondments

A student may complete up to one-third of his or her prescribed practical experience through one or more secondments provided that:

(a) any such secondment is to either
  (i) another office of the firm of the approved training office, or
  (ii) an office of a client of the firm of the approved training office,
in Canada, Bermuda or another country; and

(b) the arrangements, including provision of a work environment, supervision and reporting requirements, are acceptable to the approved training office; and

(c) the professional services provided by the student are in compliance with the rules of professional conduct of the Institute; and

(d) the experience is acquired under the supervision of the approved training office.

702 Competency standards

A student **who registered with the Institute prior to September 1, 2007** is expected to demonstrate, during the 30-month period of prescribed practical experience, the level of proficiency in normal circumstances expected of an entry-level CA as specified in *The CA Candidates' Competency Map*, in each of the following:

(a) the pervasive qualities and skills of
  (i) ethical behaviour and professionalism;
  (ii) personal attributes; and
  (iii) professional skills; and

(b) the specific competencies of
  (i) organizational effectiveness, control and risk management;
  (ii) finance;
  (iii) taxation;
  (iv) assurance;

(v) performance measurement; and
(vi) information and information technology.

703 Period of prescribed practical experience

The period of prescribed practical experience for all students **who registered with the Institute on or before September 1, 2007** is 30 months of approved employment with an approved training office, including leaves of absence to the maximums permitted pursuant to Section 704. During this time students are expected to develop the personal attributes, ethical behaviour and professionalism, and professional skills expected of the entry-level CA as outlined in *The CA Candidates' Competency Map*. The chargeable-hour requirement as prescribed in Section 701~~(1)~~(2) must be obtained during the period of prescribed practical experience.

While the majority of designated offices/units will be able to provide the students in their employ with the requisite minimum number of chargeable hours within the 30-month period, some designated offices/units, with the approval of the practice inspection committee, may require up to 42 months to do so. In such cases, the student(s) employed in the offices/units will receive notification in writing from the office/unit, prior to commencement of the employment, of the number of months up to a maximum of 42 months that will be required to obtain the minimum chargeable hours prescribed in Section 701~~(1)~~ (2). The student(s) will also provide the Institute with written agreement to the arrangement.

The period of prescribed practical experience will be calculated in accordance with the provisions of Section 203 and taking into account the subsequent period(s) of approved employment, exclusive of

- breaks in service;
- leaves of absence exceeding the maximum amounts prescribed in Section 704 or not recognized pursuant to that regulation;
- time spent at the School of Accountancy and writing the UFE.

The calculation of the 30-month period of prescribed practical experience for students who are enrolled in professional school of accounting or co-operative programs, those registered under conditional status and those transferring from other provincial institutes shall be calculated as set out in (1), (2), (3) or (4), below.

~~A Certified General Accountant, Certified Management Accountant or member of a non-designated accounting body outside Canada ordinarily will fulfil the 30-month period of prescribed practical experience as set out above. An applicant who believes he or she has exceptional education and experience backgrounds may petition the applications committee for permission to complete a reduced period of prescribed practical experience or for exemption from the experience~~

~~requirement. Any such petition shall be considered by the applications committee pursuant to the provisions of Bylaw 402 and in accordance with guidelines adopted by the Council from time to time.~~

GUIDELINES

APPLICATIONS COMMITTEE ASSESSMENT OF COMPETENCIES OF APPLICANTS FOR REGISTRATION

Members of Professional Accounting Bodies Within Canada

Adopted by the Council, February 22, 2008

Pursuant to the provisions of Bylaw 402(1)(c), the Applications Committee, acting on behalf of the Council, may grant exemptions, appropriate in its opinion, from the instruction, examination and practical experience requirements of the Institute, to any applicant who has completed courses of instruction and passed examinations of a professional accounting body within Canada and which body is recognized by the Council for such purpose. These Guidelines establish the assessment process and criteria to be used by the Applications Committee when determining whether exemptions may be granted to any such applicant for registration.

Recognized professional accounting bodies within Canada

The Council recognizes for the purposes of Bylaw 402(1)(c) members of the Certified General Accountants Association of Ontario (CGAs) and members of the Society of Management Accountants of Ontario (CMAs).

General education requirement and course-credit requirement must be fulfilled

Regulation I, A regulation in respect of students provides that an applicant who is a CGA or CMA must have fulfilled the Institute's general education requirement for registration, namely a degree from a designated university [Regulation I 201(2)]. A CGA or CMA also must successfully complete the course-credit requirement through successful completion of prescribed university degree-credit courses and the minimum average grade requirement in the courses included in the credit-hour requirement as prescribed in Regulation I 301.

General education requirement and course-credit requirement must be fulfilled

Regulation I, A regulation in respect of students provides that an applicant who is a CGA or CMA must have fulfilled the Institute's general education requirement for registration, namely a degree from a designated university [Regulation I 201(2)]. A CGA or CMA also must successfully complete the course-credit requirement through successful completion of prescribed university degree-credit courses and the minimum average grade requirement in the courses included in the credit-hour requirement as prescribed in Regulation I 301.

Exemption from the staff training program requirement

A CGA or CMA applicant for registration with the Institute is exempt pursuant to Regulation I 400 from the staff training program requirement.

Exemptions that may be granted to an applicant

The Applications Committee, in accordance with the provisions of these Guidelines, may grant exemptions from either or both of:

1. Education and examination requirements: exemptions from which may include one or more of
    - the Core-Knowledge Examination (CKE);
    - the School of Accountancy.

   However, pursuant to Bylaw 403(2), exemptions granted to any applicant shall not extend to include the Uniform Evaluation (UFE).

2. Practical experience requirements: some or all of the three-year period of practical experience in an approved CA training office. An applicant granted exemption from some but not all of the three-year practical experience requirement would complete a reduced period of practical experience of an amount and nature prescribed the Applications Committee. An applicant indicating an intention to apply for a public accounting licence upon being admitted to membership in the Institute would be required to complete the amount of practical experience in public accounting prescribed by the Applications Committee in a CA office that is an approved training office. An applicant indicating that he or she has no intention to apply for a public accounting licence upon being admitted to membership in the Institute would be required to complete the amount of accounting experience prescribed by the Applications Committee under the supervision of CA who is a member of the Institute but the experience need not be acquired in approved CA training office.

Competency-based assessment on a substantial equivalency basis

The Applications Committee shall review the previous education, professional qualification(s) and accounting experience of an applicant seeking exemptions to determine whether, taken as a whole, they establish that the applicant has demonstrated, on a substantial equivalency basis, the required breadth and depth of competency development at the levels of proficiency required of an entry-level CA in Ontario, as specified in *The UFE Candidates' Competency Map* and the *CA Practical Experience Requirements.*

The determination of whether an applicant qualifies to receive additional exemption(s) is to be competency-based, meaning the professional education and previous accounting experience of an applicant are to be considered both quantitatively and qualitatively when assessed (measured) against the competencies and the respective proficiency levels for an entry level CA in Ontario, as specified in *The UFE Candidates' Competency Map* and the *CA Practical Experience Requirements*. The substantial equivalency basis for determining whether an applicant qualifies for exemptions recognizes that the specific competencies required for membership in the particular accounting body and acquired by the applicant as a result of post-qualification accounting experience may not match precisely with the competencies set out in *The UFE Candidates' Competency Map* and the *CA Practical Experience Requirements*. The determination to be made by the Applications Committee, therefore, is whether or not the Committee is satisfied that the applicant, through his or her professional education and qualification and previous accounting experience, when considered both quantitatively and qualitatively, has demonstrated breadth and depth of competency development that is substantially equivalent to that required of an entry-level CA in Ontario.

The competency requirements in both *The UFE Candidates' Competency Map* and the *CA Practical Experience Requirements* are grouped into six competency areas:

- Performance Measurement and Reporting
- Assurance
- Taxation
- Governance, Strategy and Risk Management
- Management Decision-Making
- Finance

The Applications Committee in its discretion may grant one or more of the exemptions sought, or not grant any exemptions, based on its determination of the extent to which an applicant has fulfilled the depth and breadth of competency development at the required proficiency levels.

Exemption from practical experience

The determination to be made by the Applications Committee is whether an applicant has acquired as a result of his or her professional qualification(s) and previously acquired experience in accounting, the *depth* and *breadth* of competency development required for the entry-level CA at the time of admission to membership in the Institute.

To meet the *depth* of competency development requirement, an applicant must demonstrate proficiency in all, or most, of the specific competencies listed in Appendix 1 to *CA Practical Experience Requirements* for one of the following two areas:

- Performance Measurement and Reporting, or
- Assurance.

When considering whether an applicant has demonstrated most, but not each of the specific competencies listed for the Performance Measurement and Reporting competency area or the Assurance competency area, the Applications Committee should take into account each specific competency's relative importance or significance to ensuring overall the complete and competent performance of Performance Measurement and Reporting responsibilities or Assurance engagements, as applicable. Depending upon the relative importance or significance of a specific competency, the lack of demonstration of possession of that specific competency may or may not indicate that the applicant has demonstrated substantial equivalence overall in Performance Measurement and Reporting or in Assurance.

To meet the *breadth* of competency development requirement, an applicant must demonstrate proficiency in at least one-half (50 per cent) of the specific competencies listed in Appendix 1 to *CA Practical Experience Requirements* in at least two of the five remaining competencies.

The Applications Committee's determination of whether or not an applicant may be granted exemption from some or all of the practical experience requirements should be based upon an assessment of the totality of the applicant's previous accounting experience completed for the purpose of qualifying for admission to membership in the particular accounting body and subsequent to admission to membership in that body.

The assessment of an applicant's previous accounting experience should take into account:

- the duration of the period(s) of accounting experience (i.e. the number of months or years);
- the nature of the place(s) of employment or practice in which the accounting experience was obtained;
- the position(s) held by the applicant; and
- the progression of the applicant's career in professional accounting.

Duration of accounting experience

The *duration of accounting experience* required for admission to membership in the Institute is a minimum term of three years of experience acceptable to the Institute. An applicant who has not obtained at least three years of previous accounting experience acceptable to the Institute is required to fulfill a period of experience in accounting as prescribed by the Applications Committee such that the applicant will have obtained by the date of admission to membership in the Institute an amount of acceptable accounting experience that in aggregate is at least three years in duration.

Nature of the place(s) of employment or practice

The factors that should be considered by the Applications Committee in respect of the *nature of the place of employment or practice* are:

- As applicable,
  - The nature or line of business (for example, financial services, manufacturing, natural resources, retailing, information technology) and examples of the major clients, customers or recipients of the products or services, or
  - The nature of the professional services provided, including whether the services were public accounting or related areas (for example, assurance/attestation, taxation, advisory services) and examples of the major clients, customers or recipients of the products or services

- The size of the business or practice, with reference to such matters as total number of staff, number of partners, total annual revenues or budget
- The corporate structure (e.g. for-profit corporation, not-for-profit corporation, public sector/governmental organization, academic institution, partnership, proprietorship) and in respect of a corporate entity, whether it is/was a publicly listed or publicly traded entity or a privately owned/not publicly listed entity.

The position(s) held by the applicant

In respect of the *positions(s) held by the applicant*, the Applications Committee should consider:

- the title of each position held;
- the level or seniority of the position within the place of employment or practice, with reference to such matters as to whom (position) the applicant directly reported or was accountable and the placement of such position within the overall management or governance structure;
- the breadth and complexity of the responsibilities assigned to the applicant in the position held;
- the breadth and depth of competency development during the period in which the applicant held the position.

The progression of the applicant's career in professional accounting

Position-specific indicators that should be considered by the Applications Committee when determining an applicant's progression through his or her career in professional accounting include demonstration of work functions or the provision of professional services in defined positions that:

- require increasing competency development;
- require the ability of the applicant to handle increasingly complex tasks;
- involve increasing levels of responsibility;
- provide increased ability and opportunity to supervise, manage and mentor others and decreased level of supervision of the applicant throughout his or her career path, which may be measured by
  - number of supervisors;
  - number of direct reports;
  - changes in position or job titles;
  - changes to job responsibilities and accountabilities;
- provide opportunities for the applicant to learn from supervisors who are deemed experts in their field (exposed to or mentored by other professionals).

Progression to successively more senior positions over the course of an applicant's employment or practice with a particular entity or throughout the applicant's total period(s) of accounting experience should also ordinarily be an indicator of progressively higher levels of proficiency as well as greater breadth and depth of competency development. An applicant who has achieved through their previous employment or practice a position or level as a partner, senior executive, director or officer should ordinarily be considered to have achieved a higher level of proficiency as well as greater breadth and depth of competency development than an applicant who would have held a less senior position.

Exemption from education and examination requirements

The determination to be made by the Applications Committee is whether an applicant has acquired as a result of his or her previous education, professional qualification(s) and previously acquired experience in accounting, the depth and breadth of competency development and the levels of proficiency for the competencies that a candidate must demonstrate at the time of writing the Uniform Evaluation (UFE). Taking into account that the particular accounting body in which the applicant holds membership is not a body that has been determined to have requirements for qualification for admission to membership that are substantially equivalent to the requirements of the Institute, an applicant who seeks exemptions from education and/or examination requirements should ordinarily have completed in total more than three years of accounting experience, including experience obtained subsequent to admission to membership in the particular accounting body. In addition, the applicant should have obtained such accounting experience in positions that enabled the applicant to progress to successively more senior positions and in respect of which the applicant demonstrated progressively higher levels of proficiency as well as greater breadth and depth of competency development.

The levels of proficiency – the degree or expertise an individual is expected to exhibit in a competency -- as specified in *The UFE Candidates' Competency Map* that candidates must demonstrate at the time of writing the UFE are as follows:

> **Level C:** The individual describes accurately the task or role constituting the competency, the possible evidence of performance, the significance of the competency, and the types of circumstances in which it would arise or be applied in normal circumstances. Proficiency at Level C is demonstrated when the individual explains, summarizes, gives examples, depicts, interprets, and paraphrases, among other things, the professional skills and underlying knowledge required by the competency.
>
> **Level B:** The individual demonstrates without prompting from others an understanding of the task and the required professional skills including basic quantitative and qualitative analysis, but not necessarily the ability to successfully complete the task without adequate support or supervision in normal circumstances. Proficiency at Level B is demonstrated when the nature of the problem is identified. The issues related to the problem are often evaluated, analyzed, etc. on a preliminary basis. That is, the work requires the review of more senior personnel to ensure its completeness and accuracy. Any requirement for the involvement of personnel with special expertise necessary to complete all aspects of the task is identified. A preliminary recommendation is often made. This level of proficiency includes Level C proficiency.
>
> **Level A:** The individual completes all elements of a specified task successfully in normal circumstances. Proficiency at Level A is demonstrated when the problem is clearly identified and thoroughly analyzed or when a situation is evaluated and useful recommendations are made and/or implemented. The individual is responsible for the work

whether it is completed solely by an individual (a CA) or by a team of individuals (team of CAs). This level of proficiency includes Level B and Level C proficiencies.

Using substantial equivalency as the criterion, it is not required that an applicant must have demonstrated the levels of proficiency for each of the specific competencies within each competency area in order to be granted the exemptions sought. Accordingly, the assessment of whether an applicant has attained the proficiency level(s) in any one or more of the competency areas should be made with reference to the overall proficiency level for the competency area, rather than proficiency levels for each specific competency within the competency area. The overall proficiency level for each competency area that should be attained to demonstrate readiness to write the UFE is as follows:

Performance Measurement and Reporting	Level A
Assurance	Level A
Taxation	Level B
Governance, Strategy and Risk Management	Level B
Management Decision-Making	Level B
Finance	Level B

GUIDELINES:

APPLICATIONS COMMITTEE ASSESSMENT OF COMPETENCIES OF APPLICANTS FOR REGISTRATION –

Members of Professional Accounting Bodies Outside Canada

Adopted by the Council, February 22, 2008 and amended June 19, 2008

Pursuant to the provisions of Bylaw 402(1)(b), the Applications Committee, acting on behalf of the Council, may grant exemptions, appropriate in its opinion, from the instruction, examination and practical experience requirements of the Institute, to any applicant who, when a non-resident of Canada, completed courses of instruction and passed examinations of a professional accounting body outside Canada having the same or similar objects as the Institute and which has been recognized by the Council for this purpose. These Guidelines establish the assessment process and criteria to be used by the Applications Committee when determining whether exemptions may be granted to any such applicant for registration.

Assessment of accounting bodies by the International Qualifications Appraisal Board

The International Qualifications Appraisal Board (IQAB) carries out reviews of professional accounting bodies outside Canada to determine whether the requirements for admission to membership in a professional accounting body, or for use of the accounting designation granted by an accounting body (education, examination and experience requirements) are substantially equivalent to the comparable requirements of the provincial institutes in Canada. The Institute and the Canadian Institute of Chartered Accountants have entered into Mutual Recognition Agreements with professional accounting bodies based on an IQAB assessment that each such body has education, examination and experience requirements that are substantially equivalent to the comparable requirements of the provincial institutes in Canada.

When an IQAB review determines the requirements of a professional accounting body outside Canada are not substantially equivalent to comparable requirements of the provincial institutes in Canada, IQAB recommends that the Uniform Evaluation (UFE) be passed before CA qualification in Canada is achieved. Each provincial institute may set any other requirements that must be fulfilled. IQAB has, in some cases, recommended that the members of a particular accounting body also be granted exemption from the pre-UFE education requirements and/or some or all of the prescribed practical experience.

Recognized professional accounting bodies outside Canada

The Council recognizes for the purposes of Bylaw 402(1)(b) any professional accounting body outside Canada that is a member in good standing of the International Federation of Accountants (IFAC), excluding any associate member of IFAC, in respect of which the Institute and the Canadian Institute of Chartered Accountants have not entered into a Mutual Recognition Agreement based on substantial equivalence of the requirements for qualification for admission to membership. There are two kinds of such professional accounting bodies outside Canada:

- IQAB-Assessed Non-Equivalent Accounting Body; and
- Accounting Body Not Assessed by IQAB.

Any such professional accounting body outside Canada is "an accounting body outside Canada not designated under the bylaws by the Council" as referenced in *Regulation I, A regulation in respect of students*.

~~Exemptions granted automatically to each applicant~~ IQAB-Assessed Non-Equivalent Body

A member of an IQAB-Assessed Non-Equivalent Accounting Body qualifies, upon registration with the Institute, for exemptions, specified in *Regulation I, A regulation in respect of students* ~~provides that~~ as being applicable to an applicant from "an accounting body outside Canada not designated under the bylaws by the Council" ~~is exempt from~~ as follows:

- the university degree requirement, if a degree is not held;
- 48 of the 51credit hours of prescribed university degree-credit courses (exemption from the three credit-hour requirement in Canadian business law is not automatically granted to such applicants); and
- the Staff Training Program.

An applicant from ~~a recognized professional accounting body outside Canada~~ an IQAB-Assessed Non-Equivalent Accounting Body is automatically granted such exemptions upon registration with the Institute.

Accounting Body Not Assessed By IQAB

In respect of an applicant for registration who is a member of an Accounting Body Not Assessed by IQAB, the Director of Education or a delegated Associate Director of Education shall conduct an assessment of the content and proficiency levels required to demonstrate successful completion of the education and examination requirements of the particular accounting body against the comparable requirements of the Institute as prescribed in *Regulation I A regulation in respect of students* to determine whether the applicant should receive exemption(s) from certain of the Institute's education requirements. Such assessment shall include:

- the applicant's university degree, if applicable, and any university degree-credit courses completed by an applicant at a degree granting institution of higher education as defined in Bylaw 403(5); and
- the accounting body's syllabus of courses or competency requirements and examinations, including the final examination(s).

The exemptions, if any, granted to any such applicant may include exemption from any one or more of the following:

- a university degree, if a degree is not held;

- up to 48 of the 51credit hours of prescribed university degree-credit courses (exemption from the three credit-hour requirement in Canadian business law is not automatically granted to such applicants);
- the Staff Training Program.

An applicant who is not satisfied with the decision of the Director of Education or the delegated Associate Director of Education may request that the Applications Committee review the decision pursuant to the provisions of Bylaw 402.

Additional exemptions that may be granted to an applicant

~~The~~ In respect of any applicant for registration who is a member of an IQAB-Assessed Non-Equivalent Accounting Body or a member of an Accounting Body Not Assessed by IQAB, the Applications Committee, in accordance with the provisions of these Guidelines, may grant additional exemptions from either or both of:

1. Education and examination requirements: exemptions from which may include one or more of
   - the three credit-hour requirement in Canadian business law;
   - the Core-Knowledge Examination (CKE);
   - the School of Accountancy.

However, pursuant to Bylaw 403(2), exemptions granted to any applicant shall not extend to include the Uniform Evaluation (UFE).

2. Practical experience requirements: some or all of the three-year period of practical experience in an approved CA training office. An applicant granted exemption from some but not all of the three-year practical experience requirement would complete a reduced period of practical experience of an amount and nature prescribed the Applications Committee. An applicant indicating an intention to apply for a public accounting licence upon being admitted to membership in the Institute would be required to complete the amount of practical experience in public accounting prescribed by the Applications Committee in a CA public accounting office that has been approved for the training of students for the purpose of qualifying for public accounting licensing eligibility. An applicant indicating that he or she has no intention to apply for a public accounting licence upon being admitted to membership in the Institute would be required to complete the amount of accounting experience prescribed by the Applications Committee under the supervision of CA who is a member of the Institute but the experience need not be acquired in approved CA training office.

Competency-based assessment on a substantial equivalency basis

The Applications Committee shall review the previous education, professional qualification(s) and accounting experience of an applicant seeking additional exemptions to determine whether, taken as a whole, they establish that the applicant has demonstrated, on a substantial equivalency basis, the required breadth and depth of competency development at the levels of proficiency required of an entry-level CA in Ontario, as specified in *The UFE Candidates' Competency Map* and the *CA Practical Experience Requirements*.

The determination of whether an applicant qualifies to receive additional exemption(s) is to be competency-based, meaning the professional education and previous accounting experience of an applicant are to be considered both quantitatively and qualitatively when assessed (measured) against the competencies and the respective proficiency levels for an entry level CA in Ontario, as specified in *The UFE Candidates' Competency Map* and the *CA Practical Experience Requirements*. The substantial equivalency basis for determining whether an applicant qualifies for additional exemptions recognizes that the specific competencies required for membership in the particular accounting body outside Canada and acquired by the applicant as a result of post-qualification accounting experience may not match precisely with the competencies set out in *The UFE Candidates' Competency Map* and the *CA Practical Experience Requirements*. The determination to be made by the Applications Committee, therefore, is whether or not the Committee is satisfied that the applicant, through his or her professional education and qualification and previous accounting experience, when considered both quantitatively and qualitatively, has demonstrated breadth and depth of competency development that is substantially equivalent to that required of an entry-level CA in Ontario.

The competency requirements in both *The UFE Candidates' Competency Map* and the *CA Practical Experience Requirements* are grouped into six competency areas:

- Performance Measurement and Reporting
- Assurance
- Taxation
- Governance, Strategy and Risk Management
- Management Decision-Making
- Finance

The Applications Committee in its discretion may grant one or more of the exemptions sought, or not grant any exemptions, based on its determination of the extent to which an applicant has fulfilled the depth and breadth of competency development at the required proficiency levels.

Exemption from practical experience

The determination to be made by the Applications Committee is whether an applicant has acquired as a result of his or her professional qualification(s) and previously acquired experience in accounting, the *depth* and *breadth* of competency development required for the entry-level CA at the time of admission to membership in the Institute.

To meet the *depth* of competency development requirement, an applicant must demonstrate proficiency in all, or most, of the specific competencies listed in Appendix 1 to *CA Practical Experience Requirements* for one of the following two areas:

- Performance Measurement and Reporting, or
- Assurance.

When considering whether an applicant has demonstrated most, but not each of the specific competencies listed for the Performance Measurement and Reporting competency area or the Assurance competency area, the Applications Committee should take into account each specific competency's relative importance or significance to ensuring overall the complete and competent performance of Performance Measurement and Reporting responsibilities or Assurance engagements, as applicable. Depending upon the relative importance or significance of a specific competency, the lack of demonstration of possession of that specific competency may or may not indicate that the applicant has demonstrated substantial equivalence overall in Performance Measurement and Reporting or in Assurance.

To meet the *breadth* of competency development requirement, an applicant must demonstrate proficiency in at least one-half (50 per cent) of the specific competencies listed in Appendix 1 to *CA Practical Experience Requirements* in at least two of the five remaining competencies.

The Applications Committee's determination of whether or not an applicant may be granted exemption from some or all of the practical experience requirements should be based upon an assessment of the totality of the applicant's previous accounting experience completed for the purpose of qualifying for admission to membership in the particular accounting body outside Canada and subsequent to admission to membership in that body.

The assessment of an applicant's previous accounting experience should take into account:

- the duration of the period(s) of accounting experience (i.e. the number of months or years);
- the nature of the place(s) of employment or practice in which the accounting experience was obtained;
- the position(s) held by the applicant; and
- the progression of the applicant's career in professional accounting.

Duration of accounting experience

The *duration of accounting experience* required for admission to membership in the Institute is a minimum term of three years of experience acceptable to the Institute. An applicant who has not obtained at least three years of previous accounting experience acceptable to the Institute is required to fulfill a period of experience in accounting as prescribed by the Applications Committee such that the applicant will have obtained by the date of admission to membership in the Institute an amount of acceptable accounting experience that in aggregate is at least three years in duration.

Nature of the place(s) of employment or practice

The factors that should be considered by the Applications Committee in respect of the *nature of the place of employment or practice* are:

- As applicable,
  - The nature or line of business (for example, financial services, manufacturing, natural resources, retailing, information technology) and examples of the major clients, customers or recipients of the products or services, or
  - The nature of the professional services provided, including whether the services were public accounting or related areas (for example, assurance/attestation, taxation, advisory services) and examples of the major clients, customers or recipients of the products or services
- The size of the business or practice, with reference to such matters as total number of staff, number of partners, total annual revenues or budget
- The corporate structure (e.g. for-profit corporation, not-for-profit corporation, public sector/governmental organization, academic institution, partnership, proprietorship) and in respect of a corporate entity, whether it is/was a publicly listed or publicly traded entity or a privately owned/not publicly listed entity.

The position(s) held by the applicant

In respect of the *positions(s) held by the applicant*, the Applications Committee should consider:

- the title of each position held;
- the level or seniority of the position within the place of employment or practice, with reference to such matters as to whom (position) the applicant directly reported or was accountable and the placement of such position within the overall management or governance structure;
- the breadth and complexity of the responsibilities assigned to the applicant in the position held;
- the breadth and depth of competency development during the period in which the applicant held the position.

The progression of the applicant's career in professional accounting

Position-specific indicators that should be considered by the Applications Committee when determining an applicant's progression through his or her career in professional accounting include demonstration of work functions or the provision of professional services in defined positions that:

- require increasing competency development;
- require the ability of the applicant to handle increasingly complex tasks;
- involve increasing levels of responsibility;
- provide increased ability and opportunity to supervise, manage and mentor others and decreased level of supervision of the applicant throughout his or her career path, which may be measured by
  - number of supervisors;
  - number of direct reports;
  - changes in position or job titles;
  - changes to job responsibilities and accountabilities;

- provide opportunities for the applicant to learn from supervisors who are deemed experts in their field (exposed to or mentored by other professionals).

Progression to successively more senior positions over the course of an applicant's employment or practice with a particular entity or throughout the applicant's total period(s) of accounting experience should also ordinarily be an indicator of progressively higher levels of proficiency as well as greater breadth and depth of competency development. An applicant who has achieved through their previous employment or practice a position or level as a partner, senior executive, director or officer should ordinarily be considered to have achieved a higher level of proficiency as well as greater breadth and depth of competency development than an applicant who would have held a less senior position.

Exemption from education and examination requirements

The determination to be made by the Applications Committee is whether an applicant has acquired as a result of his or her previous education, professional qualification(s) and previously acquired experience in accounting, the depth and breadth of competency development and the levels of proficiency for the competencies that a candidate must demonstrate at the time of writing the Uniform Evaluation (UFE). Taking into account that the accounting body outside Canada in which the applicant holds membership is not a body that has been determined to have requirements for qualification for admission to membership that are substantially equivalent to the requirements of the Institute, an applicant who seeks additional exemptions from education and/or examination requirements should ordinarily have completed in total more than three years of accounting experience, including experience obtained subsequent to admission to membership in the accounting body outside Canada. In addition, the applicant should have obtained such accounting experience in positions that enabled the applicant to progress to successively more senior positions and in respect of which the applicant demonstrated progressively higher levels of proficiency as well as greater breadth and depth of competency development.

The levels of proficiency – the degree or expertise an individual is expected to exhibit in a competency -- as specified in *The UFE Candidates' Competency Map* that candidates must demonstrate at the time of writing the UFE are as follows:

> **Level C:** The individual describes accurately the task or role constituting the competency, the possible evidence of performance, the significance of the competency, and the types of circumstances in which it would arise or be applied in normal circumstances. Proficiency at Level C is demonstrated when the individual explains, summarizes, gives examples, depicts, interprets, and paraphrases, among other things, the professional skills and underlying knowledge required by the competency.
>
> **Level B:** The individual demonstrates without prompting from others an understanding of the task and the required professional skills including basic quantitative and qualitative analysis, but not necessarily the ability to successfully complete the task without adequate support or supervision in normal circumstances. Proficiency at Level B is demonstrated when the nature of the problem is identified. The issues related to the problem are often evaluated, analyzed, etc. on a preliminary basis. That is, the work requires the review of more senior personnel to ensure its

completeness and accuracy. Any requirement for the involvement of personnel with special expertise necessary to complete all aspects of the task is identified. A preliminary recommendation is often made. This level of proficiency includes Level C proficiency.

Level A: The individual completes all elements of a specified task successfully in normal circumstances. Proficiency at Level A is demonstrated when the problem is clearly identified and thoroughly analyzed or when a situation is evaluated and useful recommendations are made and/or implemented. The individual is responsible for the work whether it is completed solely by an individual (a CA) or by a team of individuals (team of CAs). This level of proficiency includes Level B and Level C proficiencies.

Using substantial equivalency as the criterion, it is not required that an applicant must have demonstrated the levels of proficiency for each of the specific competencies within each competency area in order to be granted the exemptions sought. Accordingly, the assessment of whether an applicant has attained the proficiency level(s) in any one or more of the competency areas should be made with reference to the overall proficiency level for the competency area, rather than proficiency levels for each specific competency within the competency area. The overall proficiency level for each competency area that should be attained to demonstrate readiness to write the UFE is as follows:

Performance Measurement and Reporting	Level A
Assurance	Level A
Taxation	Level B
Governance, Strategy and Risk Management	Level B
Management Decision-Making	Level B
Finance	Level B

REGULATION II

A regulation in respect of Certified Public Accountants from the United States of America and members of other recognized accounting bodies outside Canada with which the Institute has reciprocal recognition

Adopted by the Council February 22, 2008

This document is also available at: http://www.icao.on.ca

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ONTARIO

REGULATION II

A Regulation In Respect of Certified Public Accountants From the United States Of America And Members Of Other Recognized Accounting Bodies Outside Canada With Which The Institute Has Reciprocal Recognition

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REGULATION II – A REGULATION IN RESPECT OF CERTIFIED PUBLIC ACCOUNTANTS FROM THE UNITED STATES OF AMERICA AND MEMBERS OF OTHER RECOGNIZED ACCOUNTING BODIES OUTSIDE CANADA

A regulation adopted by the Council pursuant to Bylaw 302(1)(d) and (e), February 22, 2008

100 DEFINITIONS

In this regulation:

(1) "applicant" means any person applying to the Institute under this regulation and the bylaws of the Institute to become a membership candidate;

(2) "approved training office" means an office or unit, in Ontario, approved for the training of students under Bylaw 407;

(3) "assurance" has the same meaning given to that competency in the *CA Candidate's Competency Map* and the *CA Practical Experience Requirements* or any successor document or criteria as may be approved by Council from time to time;

(4) "audit" means the application of audit procedures in the performance of a service contemplated by any section or guideline of the *CICA Handbook* assurance that pertains to financial statement audit;

(5) "break in service" means any period a membership candidate who is required to be employed in an approved training office or other organization ceases to be so employed prior to completing the prescribed practical experience;

(6) "bylaws" means the bylaws of the Institute passed in accordance with the *Chartered Accountants Act, 1956* as amended;

(7) "chargeable hours" means CA-supervised hours normally chargeable to clients. "Chargeable hours" do not include time spent on "work of routine clerical nature";

(8) "credit hour" means each classroom or instruction hour per week of a one-semester course of academic learning, or the equivalent, that is recognized by the degree-granting institution of higher education that offers it as a degree-credit course; typically, a one-semester university course constitutes three credit hours and one semester means a course of academic learning that has a term or duration of approximately three months;

(9) "Council" means the Council of the Institute;

(10) "competencies" means the competencies set out in the *CA Candidate's Competency Map* and the *CA Practical Experience Requirements*, or any other successor documents or competency criteria as may be approved by Council from time to time including:

- (a) Performance measurement and reporting competencies;
- (b) Assurance competencies;
- (c) Taxation competencies;
- (d) Governance, strategy and risk management competencies;
- (e) Management, decision-making competencies;
- (f) Finance competencies;

(11) "degree-credit course" means a course that is recognized for credit by a degree-granting institution of higher education towards the completion of a university degree or equivalent that is awarded by that degree-granting institution of higher education and that is successfully completed through enrolment in or registration with such institution;

(12) "degree-granting institution of higher education" means an educational institution, such as a college or university, established by or pursuant to statute or by the relevant government authority in a country, and which offers a program or programs of academic study beyond the (generally) compulsory primary and secondary levels of schooling required by the government of the country in which the educational institution is established;

(13) "full-time service" means service in an approved training office where the membership candidate is or has been engaged on a full-time basis during the employer's normal working hours;

(14) "Institute" means The Institute of Chartered Accountants of Ontario;

(15) "membership candidate" means a person who qualifies as a membership candidate pursuant to Bylaw 103(21);

(16) "prescribed practical experience" means experience in accounting consisting of a minimum number of months of full-time service in an approved training office or other organization, for the purpose of an applicant gaining one or more of the competencies set out in the *CA Candidate's Competency Map*, and the *CA Practical Experience Requirements*, or any other successor document or criteria as may be approved by Council from time to time;

(17) "professional regulatory body" means any organization or body corporate established to govern, regulate or otherwise oversee a profession and its members in any jurisdiction;

(18) "provincial institute" means an institute or ordre of chartered accountants incorporated in any province or territory of Canada other than Ontario, or in Bermuda;

(19) "recognized accounting body" means

(a) a state board of accountancy in the United States of America which recognizes membership in the Institute as a basis for obtaining the certificate granted by that board without requiring that the uniform CPA examination be written and which has adopted the 150 hour education requirement prescribed by the National Association of State Boards of Accountancy and the American Institute of Certified Public Accountants in the *Uniform Accountancy Act* and the Uniform Accountancy Rules as the educational requirement for qualification as a certified public accountant or for qualification for licensure of a certified public accountant in that jurisdiction; or

(b) any other accounting body outside Canada which recognizes membership in the Institute as a basis for obtaining membership in that body without requiring that the normal final examination(s) of that body be written, provided such body meets the requirements of Bylaw 302(1)(e);

(20) "registrar" means the registrar of the Institute and his or her designate;

(21) "resident of a country other than Canada" means a person who

(a) has been a *bona fide* resident of a country other than Canada for a continuous period of at least three years during which all parts of the normal qualifying examination(s) were written; and

(b) is domiciled in a country other than Canada;

(22) "review" means the application of review procedures in review and other assurance engagements, in accordance with the *CICA Handbook*;

(23) "taxation" means competencies as set out in the *CA Candidate's Competency Map* and the *CA Practical Experience Requirements*, or any other successor document or criteria as may be approved by Council from time to time;

(24) "university degree or equivalent" means

(a) a four-year undergraduate degree or other equivalent indicator of academic achievement comprising 120 credit hours or equivalent, or

(b) a post-graduate degree or other equivalent indicator of academic achievement beyond the level of an undergraduate degree or equivalent,

that is granted by a degree-granting institution of higher education;

(25) "work of routine clerical nature" does **not** include the research, deliberation and development of input into manual, mechanized or electronic systems up to and including the preparation of a trial balance.

200 APPLICANTS FROM RECOGNIZED ACCOUNTING BODIES OUTSIDE CANADA

201 Pursuant to Bylaw 303(1), Council may from time to time recognize accounting bodies outside Canada which have educational, practical experience and examination requirements that are acceptable to the Institute, and to which this regulation applies.

202 Subject to the provisions of this regulation and the Bylaws of the Institute, an applicant will be accepted as a membership candidate if the evidence submitted by the applicant satisfies the Applications Committee that the applicant meets the requirements of either Section 203 or Section 204, and Section 205 as may be applicable.

CERTIFIED PUBLIC ACCOUNTANTS FROM THE UNITED STATES OF AMERICA

203 The Applications Committee may consider an application to become a membership candidate from a certified public accountant from the United States of America.

Such applicant may apply to the Institute to become a membership candidate if he or she:

(1) is a certified public accountant from the United States of America; and

(2) holds

  (a) a CPA certificate in good standing issued by a state board of accountancy which has adopted the 150 hour education requirement prescribed by the National Association of State Boards of Accountancy and the American Institute of Certified Public Accountants in the *Uniform Accountancy Act* and the Uniform Accountancy Rules as the educational requirement for qualification as a certified public accountant in that jurisdiction; or

  (b) a CPA certificate in good standing and a licence or permit to practise issued by a state board of accountancy that has adopted the 150 hour requirement prescribed by the National Association of State Boards of Accountancy and the American Institute of Certified Public Accountants in the *Uniform Accountancy Act* and the Uniform Accountancy Rules as the education requirement for qualification for licensure of a certified public accountant in that jurisdiction; and

(3) holds a certificate in good standing issued by a state board of accountancy in the United States of America which recognizes membership in the Institute as the basis for obtaining the certificate granted by that board without requiring the uniform CPA examination be written; and

(4) wrote all parts of the uniform CPA examination while a *bona fide* resident of a country other than Canada for a continuous period of at least three years; and

(5) has fulfilled any other eligibility requirements as may be prescribed by Council from time to time.

MEMBERS OF ANY OTHER RECOGNIZED ACCOUNTING BODY

204 A person may apply to the Institute to become a membership candidate if he or she:

(1) is a member in good standing of a recognized accounting body which recognizes membership in the Institute as a basis for obtaining membership in that body without requiring the normal final examination(s) of that body be written: or

(2) is a former member of any such recognized accounting body whose membership in the accounting body ended while he or she was in good standing and the accounting body was at that time, designated; or

(3) is a member or former member whose membership was terminated in good standing in an accounting body outside Canada that is not a recognized accounting body at the date of making application to the Institute, provided he or she had been admitted to membership in that body at a time when it was a recognized accounting body; and

(4) has been a *bona fide* resident of a country other than Canada for a continuous period of at least three years during which all parts of the normal qualifying examination(s) for students of that particular recognized accounting body were written; and

(5) has fulfilled any other applicable requirements prescribed by Council from time to time.

RESIDENCY REQUIREMENT – COMMITTEE DISCRETION

205 Notwithstanding the requirements in Section 203(4) and Section 204(4), the Applications Committee may accept an applicant as a membership candidate if the applicant has fulfilled all of the other requirements of Section 203 or Section 204 as applicable, and the applicant:

(1) wrote at least one examination section of the uniform CPA examination or at least one examination section of the normal final examination(s) of a recognized accounting body, while in a country other than Canada for a significant period of time substantially without interruption, or was domiciled outside Canada; or

(2) was enrolled in or registered with a degree-granting institution of higher education outside of Canada and wrote at least one examination section of the uniform CPA examination or at least one examination section of the normal final examination(s) of a recognized accounting body while outside of Canada for a significant period of time substantially without interruption and was granted a university degree or equivalent by that degree-granting institution of higher education; and

(3) was not registered as a student with the Institute under Regulation I prior to writing any examination section of the uniform CPA examination or any examination section of the normal final examination(s) of a recognized accounting body; or

(4) ceased to be registered as a student with the Institute prior to enrolling in or registering with a degree-granting institution of higher education outside of Canada and writing any examination section of the uniform CPA examination or any examination section of the normal final examination(s) of a recognized accounting body.

206 For greater clarity, "significant period of time substantially without interruption" for the purposes of Section 205 excludes short-term, casual or occasional visits for business, commercial, professional, recreational, vacation or personal reasons.

300 APPLICATION PROCESS - GENERAL

FORMS AND FEES

301 A person may apply to become a membership candidate with the Institute by submitting to the registrar the prescribed form(s) and fee.

DOCUMENTS

302 The applicant shall provide the registrar such documents as the registrar may require for the purposes of this regulation. Such documents may include, but are not limited to, official or certified copies of documents issued by the government of a country other than Canada establishing the legal name of the applicant, his or her citizenship, status and residence or other relevant matters. Further, the processing of the application may be deferred until such time as the registrar receives the documents necessary to establish the eligibility of the applicant.

303 In the event the applicant cannot provide original documents or certified copies, the applicant may swear an affidavit before a commissioner of oaths or other similar official, attesting to information required by the registrar or the Applications Committee for the purposes of considering the application.

304 It is the applicant's responsibility to ensure that his or her application is complete and accurate.

FALSE OR MISLEADING DOCUMENTATION

305 Where the registrar has reasonable grounds to believe that a membership candidate or applicant has signed, provided, fabricated or filed a false or misleading letter, record, transcript or document in connection with any application, the registrar shall forthwith notify the membership candidate or applicant in writing setting out what document is thought to be false or misleading and in what way the document is thought to be false or misleading.

306 The registrar shall set a date, time and place to meet with the applicant or membership candidate to determine if the document is false or misleading, and, if so, whether, at the time the document was submitted, the membership candidate or applicant knew or ought to have known it to be false or misleading. Should the registrar determine the document is false or misleading and that at the time the membership candidate or applicant knew or ought to have known that the document is so, the registration or application of the membership candidate or applicant shall be terminated. The registrar shall give written notice of his or her decision within ten days of the meeting.

307 An applicant or membership candidate may request the review by the Appeal Committee of a decision of the registrar by filing a written request for review with the secretary of the Appeal Committee within thirty (30) days of receipt of the notice of the decision. Such review is governed by Bylaws 601 – 634, with any necessary modifications. The decision of the Appeal Committee is final.

308 If the registrar or the Appeal Committee is unable to make a determination until after the date(s) of any prescribed examination(s) the membership candidate may be eligible to write, the prescribed examination(s) may be written but the results shall be withheld until the determination or review, as the case may be.

DISCIPLINARY MATTERS - OTHER PROFESSIONAL REGULATORY BODIES

309 An applicant shall have his or her application deferred if the applicant is the subject of any disciplinary proceedings by any other professional regulatory body.

310 If any such disciplinary proceeding results in the suspension, limitation or termination of the applicant's rights and privileges of membership in another professional regulatory body, the applicant's application shall be rejected.

311 If any such discipline proceeding results in any finding of misconduct or breach of professional standards in respect of which the other professional regulatory body:

(1) imposes any sanction other than the suspension, limitation or termination of the applicant's rights and privileges of membership in that body, or

(2) reprimands, admonishes or otherwise censures the applicant,

the findings of the disciplinary proceeding shall be considered when determining whether or not the applicant is competent to practise as a Chartered Accountant in Ontario and is of good moral character.

312 An application by a member of a recognized accounting body, or a former member of a recognized accounting body, or a former member of a formerly recognized accounting body, to become a membership candidate shall be deferred if the applicant resigned while in good standing but was under investigation for any matter of conduct or competence or was subject to disciplinary proceedings by that body. The deferral shall remain in place until such time as the investigation of the matter and any resulting disciplinary proceeding are concluded and the Applications Committee is satisfied that it has sufficient information to make a determination.

MEMBERSHIP CANDIDATE REGISTRATION

313 It is the responsibility of each membership candidate to renew his or her registration annually by submitting the prescribed form and fee.

314 A person will cease to be registered as a membership candidate and will lose his or her eligibility to become a member of the Institute, if he or she:

(1) is in arrears in respect of the application fee or the annual fee for renewal of membership candidate registration; or

(2) does not apply to become a member of the Institute within three months of completing all requirements for admission to membership.

315 A person who ceases to be registered as a membership candidate may re-apply for registration as a membership candidate by filing with the registrar the prescribed form and fee and such documents as are required by the registrar to update Institute records or reconfirm the fulfillment of any requirement of this regulation or the bylaws of the Institute.

316 Any person whose re-application for membership candidate status is accepted by the Applications Committee shall not retain credit for the successful completion of any examination or other requirements that may be prescribed by this regulation or by the Council from time to time, unless he or she has successfully completed these requirements within three years prior to the date of making re-application.

400 EVALUATIONS OF APPLICANTS UNDER THIS REGULATION

GENERAL

401 Subject to having fulfilled the requirements of Section 203 or Section 204 and Section 205 as applicable, the Applications Committee shall review the applicant's application and shall determine what, if any, exemptions are to be granted from the prescribed experience requirements normally completed for admission to membership in the Institute. The Applications Committee may approve terms, conditions or other requirements in respect of any such additional experience as a condition of acceptance as a membership candidate in keeping with this regulation and the bylaws of the Institute.

SUBSTANTIAL EQUIVALENCY

402 The Applications Committee shall review the applicant's practical experience to ensure that, on a substantial equivalency basis, the applicant has completed at least three years of accounting experience during which the applicant has demonstrated that he or she has the depth and breadth of competency development in the competencies required of an entry level Chartered Accountant at the prescribed levels of proficiency as set out in the *CA Candidate's Competency Map* and the *CA Practical Experience Requirements*, or any other successor document or criteria as may be approved by Council from time to time.

To meet the *depth* of competency development requirement, an applicant must satisfy the Applications Committee that he or she demonstrates proficiency in all, or most, of the specific competencies set out in the *CA Practical Experience Requirements* for either of Performance Measurement and Reporting, or Assurance.

When considering whether an applicant has demonstrated most of the specific competencies set out for Performance Measurement and Reporting or for Assurance, the Applications Committee shall take into account each specific competency's relative importance or significance to ensuring overall the complete and competent performance of Performance Measurement and Reporting responsibilities or Assurance engagements, as applicable. Depending upon the relative importance or significance of a specific competency, the lack of demonstration of possession of that specific competency may or may not indicate that the applicant has demonstrated substantial equivalence overall in Performance Measurement and Reporting or in Assurance.

To meet the *breadth* of competency development requirement, an applicant must satisfy the Applications Committee that he or she demonstrates proficiency in at least 50 per cent of the specific competencies listed in the *CA Practical Experience Requirements* in at least two of the five remaining competencies.

The Applications Committee's assessment of whether an applicant has attained the prescribed proficiency level(s) in the competencies shall be made with reference to the overall proficiency level for each competency, as follows:

Performance Measurement and Reporting	Level A
Assurance	Level A
Taxation	Level B
Governance, Strategy and Risk Management	Level B
Management Decision-Making	Level B
Finance	Level B

COMPLETION OF PRESCRIBED PRACTICAL EXPERIENCE

403 The Applications Committee shall review the evidence of practical experience and shall determine what, if any, prescribed practical experience must be completed as a condition of acceptance as a member in the Institute so that on a substantial equivalency basis, the applicant demonstrates possession of the required competencies at the proficiency levels of an entry-level Chartered Accountant. Such prescribed practical experience must:

(1) be completed in an approved training office or in another organization and under the supervision of a member of the Institute; and

(2) be completed not more than five years from the date of acceptance as a membership candidate.

404 Any interruption of employment will constitute a break in service and will result in a corresponding adjustment to the prescribed practical experience completion date. A membership candidate must notify the Institute of any such interruption of employment as soon as practicable.

405 A membership candidate may complete up to one-third of his or her prescribed practical experience through one or more secondments provided that:

(1) any such secondment is to either another office of the firm of the approved training office or is to an office of a client of the firm of the approved training office in Canada, Bermuda or another country; and

(2) the arrangements, including provision of a work environment, supervision and reporting requirements are acceptable to the approved training office; and

(3) the professional services provided by the membership candidate are in compliance with the rules of professional conduct of the Institute; and

(4) the experience is acquired under the supervision of the approved training office.

SUBMISSION OF PRESCRIBED PRACTICAL EXPERIENCE FORM

406 A membership candidate who must complete a period of prescribed practical experience must submit the experience certification form prescribed by the Institute upon completion of the prescribed practical experience. The form must include a signed statement from an Institute member authorized by the approved training office or other organization attesting to the accuracy of the information provided on the form.

500 ADMISSIONS TO MEMBERSHIP

APPLICATION FOR ADMISSION TO MEMBERSHIP

501 A membership candidate who has satisfied the requirements of the bylaws and this regulation and has completed such other requirements as may have been established by Council or by the Applications Committee under the authority of Council is eligible to apply for admission to membership subject to membership policies as may be approved by Council from time to time.

502 A membership candidate seeking admission to membership in the Institute must have successfully completed, not more than three years prior to the date on which the application for admission to membership is received by the Institute, such course or courses or such examinations as may be prescribed by Council from time to time. A person must have applied to become a membership candidate in order to be eligible to attend any such course or courses, or write any such examinations as prescribed by Council.

503 A membership candidate seeking admission to membership in the Institute must have not more than five years prior to the date on which the application for admission is received, successfully completed all requirements for membership.

600 APPLICANTS INDICATING AN INTENTION TO PRACTISE PUBLIC ACCOUNTING

ADDITIONAL REQUIREMENTS FOR PUBLIC ACCOUNTING

601 An applicant applying to become a membership candidate under this regulation shall advise the Institute in writing when filing the application with the Institute, whether he or she intends within one year of admission to the Institute, to practise public accounting as defined in the *Public Accounting Act, 2004*.

602 In addition to the requirements in the bylaws of the Institute and this regulation, an applicant indicating an intention to practise public accounting must satisfy the Applications Committee that he or she has attained all of the competencies as well as the required level of proficiency in assurance as set out in the *CA Candidate's Competency Map*, and the *CA Practical Experience Requirements*, or any successor document or criteria approved by Council.

603 The applicant must also satisfy the Applications Committee that he or she has at least two years of experience in public accounting acquired in a public accounting practise under the supervision of a professional accountant who was, at the time the experience was acquired, a licensee certified or otherwise authorized to practise public accounting in the jurisdiction in which the experience was completed.

604 The Applications Committee shall consider any chargeable hours obtained in public accounting prior to being accepted as a membership candidate as well any chargeable hours obtained in an approved training office in Ontario. The minimum chargeable hours required to meet the basic requirements for qualification to practise public accounting are as follows:

(1) at least 1250 chargeable hours in assurance services, of which 625 chargeable hours must be in audit engagements; and

(2) at least 100 chargeable hours in taxation.

605 An applicant who has not obtained at least two years of public accounting experience acceptable to the Applications Committee shall, prior to being eligible to apply for a public accounting licence, complete a period of public accounting experience in an approved training office in Ontario as prescribed by the Applications Committee.

606 The Public Accountants Council for the Province of Ontario and the bylaws of the Institute have established specific competency and other requirements that also must be met by a member of the Institute in order to establish eligibility to be granted or to renew a public accounting licence.

607 The requirements for obtaining a public accounting licence as promulgated by the Council or the Public Accounting Licensing Board shall apply, despite anything in this regulation or the bylaws, where there is a conflict between those provisions and this regulation or the bylaws.

GUIDELINES FOR EXERCISE OF DISCRETION TO GRANT OR RENEW A PUBLIC ACCOUNTING LICENCE PURSUANT TO THE PROVISIONS OF BYLAW 902(6) AND BYLAW 906(3)

Adopted by the Council, September 26, 2008

BYLAW PROVISIONS

An applicant for licensing must fulfill the Basic Requirements for qualification for licensing and the Additional Requirements prescribed in the bylaws.

Basic Requirements

The basic qualifications for licensing eligibility that a member must meet are set out in Bylaw 902 as follows:

902 Qualification for public accounting licensing

(2) Basic Requirements for qualification for a public accounting licence

The Basic Requirements for qualification for a public accounting licence are the requirements respecting pre-licensing education and study requirements, public accounting experience, and evaluations or examinations for licensing prescribed by the Council from time to time.

Currently all members in good standing of the Institute have fulfilled the requirements respecting pre-licensing education and study requirements, public accounting experience and evaluations or examinations for licensing prescribed by the Council at the date of their admission to membership in the Institute and therefore have met the Basic Requirements for eligibility to qualify for a public accounting licence.

Additional Requirements

The Additional Requirements that a member of the Institute must meet in order to be granted a licence or to renew a licence are set out in Bylaw 902(5). In summary, they are

1. ***Practice inspection requirement*** [Bylaw 902(5)(a)]

The member must:

(a) within the immediate past five years of the date of receipt of the application by the Institute, have participated in a recognized capacity in public accounting services in a practising office that has been the subject of a successful practice inspection; or

(b) be a practice inspector appointed by the Institute or by the Canadian Public Accountability Board to conduct practice inspections of licensees, firms and practising offices.

Exception for new practices: If the member is an employee, partner or sole proprietor of a newly established or soon-to-be established practising office that has not been the subject of a practice inspection, the member shall be eligible to be granted a licence if he or she has satisfied the Public Accounting Licensing Board that he or she has successfully completed all of the other requirements of the bylaw and shall hold such licence, if granted, on the condition that the firm or practising office is the subject of a practice inspection not later than 12 months following the date of issuance of the licence and the inspection results in a determination that the practice's quality control system, current engagement files, and related financial statements adhere to professional standards contained within the *CICA Handbook* and other professional standards established by the Institute.

2. ***Mandatory continuing professional development requirement*** [Bylaw 902(5)(c]

The member must have fulfilled the mandatory continuing professional development requirement consisting of a minimum of 20 hours annually of which at least 10 hours must be verifiable and 120 hours in the last three-year period, of which at least 60 hours must be verifiable in accordance with the provisions of Bylaw 801, in activity directly related to the competencies needed to provide public accounting services.

3. ***Requirement to have participated in a recognized capacity in public accounting services within the immediate past five years*** [Bylaw 902(5)(b)]

Within the immediate past five years, the member must have participated in a recognized capacity in public accounting services and obtained a minimum of 2,500 hours consisting of:
(a) a minimum of 1,250 eligible hours in public accounting services; and
(b) up to 1,250 eligible hours in designated services.

Bylaw 902(1) provides the following definitions applicable to these provisions:

Definitions

"chargeable hours" are hours normally chargeable to clients of a public accounting practice, provided that work of a routine clerical nature shall not be included in the computation of chargeable hours;

"designated services" are services that require competencies that are complementary to those required to provide public accounting services, namely:
(i) taxation services related to assessing the appropriateness of taxation provisions and related financial reporting;
(ii) performance measurement relating to the evaluation,

development and interpretation of an entity's financial and non-financial information that measures and enhances an entity's organizational performance;

(iii) forensic accounting;

(iv) research on the interpretation or application of either or both of Canadian Generally Accepted Accounting Principles ("GAAP") and Canadian Generally Accepted Assurance Standards ("GAAS") or on professional standards;

(v) financial reporting involving the review of accounting principles and financial statement disclosure and the appropriateness of internal controls for the purpose of presenting fairly the financial statements of an entity;

(vi) corporate finance services related to assisting a client in obtaining financing by explaining the financial statements to a financial institution, and assisting a client in analyzing the accounting effects of certain transactions;

(vii) research conducted for, or advice given to, assurance clients on matters related to assurance engagements;

(viii) training of other accountants or staff of the practice or firm in respect of the performance of assurance services where such training is an ongoing responsibility of the member;

"eligible hours" are

(i) chargeable hours acquired as a result of participating in a recognized capacity in providing public accounting services; and

(ii) other hours acquired in designated services;

"public accounting services" are

(i) assurance, including auditing or review engagements;

(ii) compilations accompanied by the prescribed Notice to Reader;

(iii) compilations not accompanied by the prescribed Notice to Reader.

Definition of "participating in a recognized capacity"

The definition of "participating in a recognized capacity" is different for members applying to obtain a new licence and members who are renewing a licence.

For members applying for a *new licence*, the definition is as follows [Bylaw 902(1)(d)]:

(d) "participated in a recognized capacity in providing public accounting services" means one or more of the following:

(i) each member of a firm or practising office who directly participates in a public accounting engagement, including any related subsidiary engagement, as a member of the engagement team;

- (ii) each member of a firm or practising office who can directly influence the outcome of a public accounting engagement, such as members who provide:
    - (aa) consultation regarding professional standards;
    - (bb) consultation or opinions regarding taxation provisions or other technical or industry-specific issues, transactions or events;
    - (cc) quality control reviews;
- (iii) a practice inspector appointed by the Institute or by the Canadian Public Accountability Board to conduct practice inspections of licensees, firms and practising offices;

For members applying to *renew a licence*, the definition is as follows [Bylaw 906(1)(a)] – differences from the definition for new licence applications are highlighted with bold and underlining:

(a) "participated in a recognized capacity in providing public accounting services" means one or more of the following:

- **(i) each member of the firm who has responsibility for the entire public accounting engagement;**
- (ii) each member of a firm or practising office who directly participates in a public accounting engagement, including any related subsidiary engagement, as a member of the engagement team;
- (iii) each member of a firm or practising office who can directly influence the outcome of a public accounting engagement, such as members who provide:
    - **(aa) direct supervision, management or other oversight of the leadership of the engagement team(s);**
    - (bb) consultation regarding professional standards;
    - (cc) consultation or opinions regarding taxation provisions or other technical or industry-specific issues, transactions or events;
    - (dd) quality control reviews;
- (iv) a practice inspector appointed by the Institute or by the Canadian Public Accountability Board to conduct practice inspections of licensees, firms and practising offices;

Public accounting services for which a license is not required

The *Public Accounting Act, 2004* excludes from the requirement to be licensed the following services that are nonetheless referred to as public accounting services:

- compilation services prepared with a prescribed notice to reader [s.2.(3)];
- public accounting services provided exclusively in respect of [s. 3.(2)]:
    - any public authority or any commission, committee or emanation of a public authority, including a Crown corporation;
    - any bank, loan or trust company;
    - any transportation company incorporated by an Act of the Parliament of Canada; or

- any other publicly-owned or publicly-controlled public utility organization.

However, in some instances there are separate acts or regulations that specify licensing requirements for these entities (e.g. bank, loan or trust companies). In addition, the *Auditor General Act* in Ontario requires that the Auditor General and Assistant Auditor General must be licensed as public accountants under the *Public Accounting Act, 2004* and the *City of Toronto Act* similarly requires that the city auditor be licensed.

EXERCISE OF DISCRETION

The Public Accounting Licensing Board has been provided with authority to exercise discretion to grant a new licence or to renew a licence. Regarding new licence applications, Bylaw 902(6) reads as follows in respect of new licence applications:

902 Qualification for public accounting licensing

(6) Exercise of discretion by public accounting licensing committee

(a) Despite the other provisions of this bylaw, the public accounting licensing committee may grant a licence to a member who previously qualified but never applied for a licence or allowed his or her licence to lapse if it is satisfied that the member has

(i) met the Basic Requirements prescribed in clause (2);
(ii) met all of the Additional Requirements prescribed in clause (5) with the exception of the additional public accounting experience requirements set out in clause (5)(b); and
(iii) has the required capabilities, competence and current skills to provide public accounting services.

Regarding licence renewal applications, Bylaw 906(3) reads as follows:

906 Renewal of licence

(3) Exercise of discretion by public accounting licensing committee

(a) Despite the other provisions of this bylaw, the public accounting licensing committee may renew the licence of a member who has met all of the Additional Requirements prescribed in Bylaw 902(5) with the exception of the additional public accounting experience requirements set out in Bylaw 902(5)(b) if it is satisfied that the member otherwise has the required capabilities, competence and current skills to provide public accounting services.

In accordance with the provisions of Bylaw 902(6) and Bylaw 906(3), the Public Accounting Licensing Board may consider exercising discretion in respect of any member applying for a new licence or for renewal of a licence if the member has:

1. Met the practice inspection requirement; and

2. Met the continuing professional development requirement; and

3. As a member of a firm or practising office, participated in a recognized capacity in public accounting services within the immediate past five years of the date of the Institute's receipt of the application for a new licence or the licence renewal date, as applicable.

The Board may exercise discretion only in respect of an applicant who fulfills all of the requirements of 1, 2 and 3 and ***has not obtained*** within the immediate past five years a minimum of 2,500 hours consisting of:

- a minimum of 1,250 eligible hours in public accounting services; and
- up to 1,250 eligible hours in designated services.

Under Bylaw 103(15), "firm" means a partnership or association of members who carry on the practice of public accounting or carry on related activities as defined by the Council*. Bylaw 103(26) defines "practising office" as an office of a member, firm or professional corporation engaged in the practise of public accounting.

* Bylaw 103(37) states that "related activities" has the meaning of "related business or practice" in Bylaw 311. Bylaw 311 defines "related business or practice" as meaning a business or practice which is related to a practice of public accounting by reason of being cross-referenced to the public accounting practice and provides details as to the nature of the cross-referencing.

Taking into account these various provisions of the bylaws, the following are presented as guidelines for the Board's exercise of discretion:

Licence not granted or not renewed

Circumstances in which a member ordinarily would not be granted a licence or a licence would not be renewed include:

- A member who has not been a member of a firm, practising office or related business or practice for any amount of time within the immediate past five years, including having been
  - in one or more financial or accounting position(s) in business, industry, government or education, such as finance, performance measurement and reporting, internal audit, risk management, or information technology, regardless of the nature of the responsibilities held or functions performed in the position(s) or the seniority of the position(s);
  - practising in bankruptcy or insolvency or investigative and forensic accounting, or having been employed by a business or practice providing such services, and the business or practice is not a related business or practice;
  - teaching accounting, auditing or other finance or business subjects at a university, college or school or for a professional accounting body or program;
  - employed with a professional accounting body or a regulatory body and held one or more position(s), other than as a practice inspector with the Institute or CPAB, in which he or she carried out regulatory

responsibilities, even if such responsibilities may have involved licensing, investigations or standards enforcement, disciplinary processes or standards-setting.

- A member who has not obtained at least 1,250 eligible hours that includes at least 500 eligible hours in public accounting services (assurance or compilation services) within the immediate past five years, including a member who may have acquired eligible hours in designated services.

- A member who holds a position of employment in the public sector whose responsibilities include providing assurance on financial statements or other financial information in respect of which there may be a reasonable expectation of third party* use or reliance where a public accounting licence is not specified as a condition of employment by the applicable statute or regulation adopted pursuant to the statute, such as
  - A person who holds a position with the title of "auditor" or that requires the performance of audit functions, with the federal government, a provincial government or a municipal or local government whether or not such functions include financial audits or reviews involving the interpretation or application of either or both of Generally Accepted Accounting Principles (GAAP) and Generally Accepted Assurance Standards (GAAS);
  - Auditor of a public authority, commission or committee, or emanation of a public authority, including a Crown corporation, or any publicly-owned or publicly-controlled utility organization;

  *Third parties for this purpose may include members of Parliament, a legislature or a municipal council or a regulatory body, taxpayers or the general public.

In addition, the bylaws of the Institute do not provide for any discretion to be exercised in respect of members seeking exemption from the requirements to be met for a new licence or for renewal of a licence in the case of

- inability to practise arising from medical circumstances or a physical disability;
- a member having been away from practise for a prolonged period of time due to parenting or providing family care, or being on medical or disability leave;
- having been in full-time attendance at a university or college or in a professional program.

Licence granted or renewed – exercise of discretion

Circumstances in which a member may be granted a licence or a licence may be renewed if the PALB is satisfied that the member otherwise has the required capabilities, competence and current skills to provide public accounting services include:

- A member who has participated in a recognized capacity in a firm, practising office or related business or practice within the immediate past five years and obtained at least 1,250 eligible hours that includes at least 500 eligible hours in public accounting services (assurance or compilation services).

- A member who has participated in a recognized capacity in a firm, practising office or related business or practice and has not reported any eligible hours in public accounting services (assurance or compilation services) within the immediate past five years or has reported less than 500 such hours within the immediate past five years, provided the member has obtained at least 2,500 eligible hours that include a minimum of 500 eligible hours in designated services consisting of:

  - research on the interpretation or application of either or both of Generally Accepted Accounting Principles (GAAP) and Generally Accepted Assurance Standards (GAAS) or on professional standards; and/or
  - research conducted for, or advice given to, assurance clients on matters related to assurance engagements.

- A member who is required by the applicable statute or a regulation adopted pursuant to the statute to hold a public accounting licence in order to hold the position of auditor general or deputy or assistant auditor general, or equivalent position, or in another position, within the federal government, a provincial government or a municipal or local government.

Licence renewed – exercise of discretion

Resumption of the practice of public accounting by a licensee

In respect of any member who held a public accounting licence on October 31, 2007 who according to Institute records has

- not practised public accounting within the five-year period ending October 31, 2007 and has resumed the practise of public accounting with the intention of providing assurance services; or
- ceased practising public accounting in a recognized capacity within the five-year period ending October 31, 2007and has not reported any eligible hours in public accounting services (assurance or compilation services) obtained within that period or has reported less than 500 such hours obtained within that period and has registered a new public accounting practice with the Institute;

the PALB may renew the licence of the member provided that the member has fulfilled the three-year mandatory continuing professional development requirement in activities directly related to public accounting. The licence may be renewed for the 12-month period ending October 31, 2008 and if renewal is granted the member may be eligible to renew such licence for the next following 12-month period ending October 31, 2009 on the condition that

- the member obtains professional liability insurance coverage of the minimum coverage amount required by the Institute and provides a declaration confirming such coverage; and
- the member's public accounting practice receives a successful practice inspection result by not later than October 31, 2009; and
- the member obtains at least 1,250 eligible hours in public accounting services by not later than October 31, 2009.

Members participating in a recognized capacity not having sufficient eligible hours

Circumstances included within the definition of participating in a recognized capacity in providing public accounting services in Bylaw 906(1)(a) in respect of which the Public Accounting Licensing Board may exercise discretion -- but only in the case of an application for *renewal* of a licence -- are as follows:

- each member of the firm who has responsibility for the entire public accounting engagement; and
- each member of a firm or practising office who can directly influence the outcome of a public accounting engagement, such as members who provide direct supervision, management or oversight of the leadership of the engagement team(s).

Specific circumstances in which a licence may be renewed if the PALB is satisfied that the member otherwise has the required capabilities, competence and current skills to provide public accounting services include:

Senior leadership position of a public accounting firm

A member serving in a senior leadership position with a public accounting firm who has reported less than 1,250 eligible hours in public accounting services and has satisfied the PALB that the responsibilities carried out in respect of public accounting engagements or in providing direct supervision, management or oversight of the leadership of the engagement team(s) were significantly more than strictly administrative in nature and included such functions as reviewing assurance files of major clients or high-risk clients, interpretation or application of either or both of Generally Accepted Accounting Principles (GAAP) and Generally Accepted Assurance Standards or on professional standards, or advice given to assurance clients on matters related to assurance engagements.

Public Accounting Licensing Board may direct that a competency hearing be held

The Public Accounting Licensing Board may direct in respect of any member applying for a new licence or for renewal of a licence that a hearing be held before the Applications Committee, pursuant to Bylaw 263(4)(f)(ii), to determine whether the applicant has fulfilled the competency requirements to be licensed.